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RECEIVED
AUG 16 2017
S.D. SEC. OF STATE
1181640

August 9, 2017

South Dakota Secretary of State
State Capitol, Suite 204
Business Division-Bond
Information Statement Filing
500 East Capitol
Pierre, SD 57501-5070

Re: $23,695,000 Certificates of Participation (Limited Tax General Obligation) Evidencing Proportionate Interests of the Owners in a Lease-Purchase Agreement between U.S. Bank National Association and Pennington County, South Dakota, Series 2017A

Dear Filing Officer:

Enclosed for filing is a Bond Information Statement in connection with the above-referenced transaction, together with a check for the $10.00 filing fee. A copy of the Official Statement is also enclosed for your reference.

Please return acknowledgement of filing at your earliest opportunity. If you have any questions, please call me at (612) 371-2490.

Very truly yours,

Debera A. Heimerl

Debera A. Heimerl
Legal Administrative Assistant

/dh
Enclosures

RECEIVED
AUG 16 2017
S.D. SEC. OF STATE
1811640

BOND INFORMATION STATEMENT
State of South Dakota
SDCL 6-8B-19

Return: Secretary of State
State Capitol
500 E. Capitol
Pierre, SD 57501-5077

FILING FEE: $10.00

Every public body, authority, or agency issuing any general obligation, revenue, improvements, industrial revenue, special assessment, or other bonds of any type shall file with the Secretary of State a bond information statement concerning each issue of bonds.

1. Name of issuer: Pennington County

2. Designation of issue: $23,695,000 Certificates of Participation (Limited Tax General Obligation), Series 2017A Evidencing Proportionate Interests of the Owners in a Lease-Purchase Agreement between U.S. Bank National Association and Pennington County, South Dakota

3. Date of issue: August 8, 2017

4. Purpose of issue: (i) to currently refund the outstanding Certificates of Participation (Limited Tax General Obligation) Series 2010B (the "2017A Project") and (ii) to pay the cost of issuance of the Series 2017A Certificates

5. Type of bond: Certificates of Participation Evidencing Proportionate Interests of the Owners in a Lease-Purchase Agreement between U.S. Bank National Association and Pennington County, South Dakota

6. Principal amount and denomination of bond: Series 2017A $23,695,000 in denominations of $5,000 or any integral multiple thereof,

7. Paying dates of principal and interest: See attached Official Statement

8. Amortization schedule: See attached Official Statement

9. Interest rate or rates, including total aggregate interest cost: See attached Official Statement

This is to certify that the above information pertaining to Pennington County is true and correct on this 8th day of August, 2017.

LINDQUIST & VENNUM LLP,
as Bond Counsel

By: Elizabeth Aby

For further information regarding the enclosed filing, contact Elizabeth G. Aby, Lindquist & Vennum LLP, 2000 IDS Center, 80 S. Eighth Street. Minneapolis, Minnesota (612-371-3535).

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1181640

NEW ISSUE

RATING: Moody's "Aa1"
See "RATING" herein

In the opinion of Lindquist & Vennum LLP, Bond Counsel, according to federal laws, regulations, rulings and decisions in effect on the date of issuance of the Series 2017A Certificates, the interest to be paid on the Series 2017A Certificates is not includable in gross income for federal income tax purposes except under certain conditions. Interest paid on Series 2017A Certificates is not an item of tax preference includable for purposes of computing the alternative minimum tax applicable to all taxpayers, including individuals, under the Internal Revenue Code of 1986 (the "Code"), however, interest paid on the Series 2017A Certificates is not includable in adjusted current earnings in determining the alternative minimum taxable income of corporations for purposes of the federal alternative minimum tax. Interest on the Series 2017A Certificates is includable in gross income for South Dakota income tax purposes when the owner is a financial institution as defined in South Dakota Codified Laws, Chapter 10-43. See "TAX MATTERS," herein.

$23,695,000

Certificates of Participation, Series 2017A
(Limited Tax General Obligation)
Evidencing Proportionate Interests of the Owners
in a Lease-Purchase Agreement between
U.S. BANK NATIONAL ASSOCIATION
and
PENNINGTON COUNTY, SOUTH DAKOTA

Dated: Date of Issuance **Due: June 1 and December 1, as shown on inside cover**

The Certificates of Participation, Series 2017A, (the "Series 2017A Certificates") are being issued to crossover advance refund a portion of the Taxable Certificates of Participation, Series 2010B (Build America Bonds-Direct Payment to Issuer) (the "2010B Certificates") (the "2017A Project"). The Series 2017A Certificates represent proportionate interests in lease payments (the "Lease Payments") made under a Lease-Purchase Agreement, dated as of March 1, 2003, as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of March 1, 2008, the Second Amendment to the Lease-Purchase Agreement, dated as of December 1, 2010, the Third Amendment to the Lease-Purchase Agreement, dated as of October 1, 2011, the Fourth Amendment to the Lease-Purchase Agreement, dated as of July 1, 2014, the Fifth Amendment to the Lease-Purchase Agreement, dated as of October 1, 2015, the Sixth Amendment to the Lease-Purchase Agreement, dated as of February 1, 2016, the Seventh Amendment to the Lease-Purchase Agreement, dated as of September 1, 2016 and the Eighth Amendment to the Lease-Purchase Agreement, dated as of August 1, 2017 (collectively, the "Lease"), pursuant to which Pennington County, South Dakota (the "County"), as lessee, is leasing the Land and Facilities from U.S. Bank National Association (the "Trustee"), as lessor. The Series 2017A Certificates are issued pursuant to a Declaration of Trust, dated as of March 1, 2003, as amended and supplemented by the First Supplemental Declaration of Trust, dated as of March 1, 2008, the Second Supplemental Declaration of Trust, dated as of December 1, 2010, the Third Supplemental Declaration of Trust, dated as of October 1, 2011, the Fourth Supplemental Declaration of Trust dated as of July 1, 2014, the Fifth Supplemental Declaration of Trust dated as of October 1, 2015, the Sixth Supplemental Declaration of Trust dated as of February 1, 2016, the Seventh Supplemental Declaration of Trust, dated as of September 1, 2016 and the Eighth Supplemental Declaration of Trust, dated as of August 1, 2017 (collectively, the "Trust Agreement") by the Trustee, and joined in by the County.

The Series 2017A Certificates are subject to redemption prior to maturity as described herein.

The County has agreed to levy a tax annually which is intended to provide the Trustee with sufficient revenue to make all Lease Payments under the Trust Agreement as they become due.

The Series 2017A Certificates are issuable in fully registered form and will be initially registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2017A Certificates. Purchases of beneficial ownership interests in the Series 2017A Certificates will be made in book-entry form only, in principal amounts of $5,000 or whole multiples thereof. Beneficial owners of the Series 2017A Certificates will not receive certificates evidencing their ownership interests in the Series 2017A Certificates. So long as DTC or its nominee is the registered owner of the Series 2017A Certificates, payments of principal, redemption price and interest will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to beneficial owners is the responsibility of the DTC participants.

Interest due with respect to the Series 2017A Certificates is payable semiannually on June 1 and December 1 of each year commencing December 1, 2017. The Series 2017A Certificates mature on June 1 and December 1, as shown on the inside front cover.

The Series 2017A Certificates are offered for delivery when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal, cancellation or modification of the offer without notice, subject to delivery to and acceptance by the Underwriter, and subject to certain other conditions, including an opinion of Lindquist & Vennum LLP, Minneapolis, Minnesota, Bond Counsel, as to legality and tax exemption. Certain legal matters will be passed upon for the County by Jay Alderman, Esq., Deputy State's Attorney.

Delivery of the Series 2017A Certificates offered hereby will be made on or about August 8, 2017, against payment therefor by the Underwriter.

DOUGHERTY & COMPANY LLC

The date of this Official Statement is July 6, 2017.

TABLE OF CONTENTS

This Official Statement does not constitute an offer to sell the Series 2017A Certificates in any state or other jurisdiction to any person whom it is unlawful to make such offer in such state or jurisdiction. No dealer, salesman, or any person has been authorized to give any information or to make any representation other than those contained herein in connection with the offering of the Series 2017A Certificates, and if given or made, such information or representation must not be relied upon.

The information set forth herein has been obtained from the County, DTC, and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the County or anyone acting on its behalf. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Series 2017A Certificates shall, except as specifically stated herein, create any implication that there has been no change in the affairs of the County since the date of this Official Statement.

Any CUSIP numbers for the Series 2017A Certificates included in this Official Statement are provided for the convenience of the owners and prospective investors. The County is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Series 2017A Certificates or as set forth in this Official Statement.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT: THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION OF THE CONTRARY IS A CRIMINAL OFFENSE.

THE SERIES 2017A CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2017A CERTIFICATES UNDER THE SECURITIES OR BLUE SKY LAWS OF THE JURISDICTIONS IN WHICH THEY HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER JURISDICTIONS SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2017A CERTIFICATES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET' OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COUNTY DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

TABLE OF CONTENTS

OFFICIAL STATEMENT

$23,695,000

Certificates of Participation, Series 2017A
(Limited Tax General Obligation)

Evidencing Proportionate Interests of the Owners
in a Lease-Purchase Agreement between
U.S. BANK NATIONAL ASSOCIATION
and
PENNINGTON COUNTY, SOUTH DAKOTA

INTRODUCTION

Definitions

Certain terms used in this Official Statement are defined in Appendix A hereto.

General Description

The purpose of this Official Statement, including the cover pages and Appendices hereto, is to provide information in connection with the offering, sale and delivery of $23,695,000 aggregate principal amount of the Certificates of Participation Series 2017A, (the "Series 2017A Certificates"). The Series 2017A Certificates represent the undivided ownership interest of the Owner thereof in and to the Lease-Purchase Agreement, dated as of March 1, 2003, as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of March 1, 2008, the Second Amendment to the Lease-Purchase Agreement, dated as of December 1, 2010, the Third Amendment to the Lease-Purchase Agreement, dated as of October 1, 2011, the Fourth Amendment to the Lease-Purchase Agreement, dated as of July 1, 2014, the Fifth Amendment to the Lease-Purchase Agreement, dated as of October 1, 2015, the Sixth Amendment to the Lease-Purchase Agreement, dated as of February 1, 2016, the Seventh Amendment to the Lease-Purchase Agreement, dated as of September 1, 2016 and the Eighth Amendment to the Lease-Purchase Agreement, dated as of August 1, 2017 (collectively, the "Lease"), by and between the Trustee as lessor and the County as lessee, and the right to receive certain revenue thereunder, including, without limitation, the Lease Payments due under the Lease, at the times, in the manner and from the sources specified therein.

The Trustee has issued the Series 2017A Certificates pursuant to a Declaration of Trust, dated as of March 1, 2003, as amended and supplemented by the First Supplemental Declaration of Trust, dated as of March 1, 2008, the Second Supplemental Declaration of Trust, dated as of December 1, 2010, the Third Supplemental Declaration of Trust, dated as of October 1, 2011, the Fourth Supplemental Declaration of Trust dated as of July 1, 2014, the Fifth Supplemental Declaration of Trust dated as of October 1, 2015, the Sixth Supplemental Declaration of Trust dated as of February 1, 2016,the Seventh Supplemental Declaration of Trust, dated as of September 1, 2016 and the Eighth Supplemental Declaration of Trust, dated as of August 1, 2017 (collectively, the "Trust Agreement"). The Trustee's interest in the Lease and in the Facilities (as defined in the Trust Agreement), including the right to receive Lease Payments, has been assigned to the Trustee for the benefit of the Owners of the Series 2017A Certificates pursuant to the terms of the Trust Agreement. Pursuant to the Lease, the County will remit such Lease Payments directly to the Trustee. The Lease Payments are payable by the County as described in "LEASE-PURCHASE AGREEMENT—Lease Term and Payments."

Pursuant to the Ground Lease, dated as of March 1, 2003, as amended and supplemented by the First Amendment to the Ground Lease, dated December 1, 2010, the Second Amendment to the Ground Lease, dated October 1, 2015 and the Third Amendment to the Ground Lease, dated as of February 1, 2016 and the Fourth Amendment to the Ground Lease, dated as of April 1, 2016 (the "Ground Lease"), the Trustee leased the Land from the County for a term ending on December 1, 2043, automatically extendable for an additional 10-year term if the Series 2003 Certificates, the Series 2008 Certificates, the Series 2010 Certificates, the Series 2011A Certificates, the Series 2014A Certificates, the Series 2015A Certificates, the Series 2016A Certificates, the Series 2016B Certificates or the 2017A Certificates have not been paid.

THE 2017A PROJECT

The proceeds of the Series 2017A Certificates will be applied to (i) refund the 2021 through 2037 maturities of the Taxable Certificates of Participation, Series 2010B (Build America Bonds-Direct Payment to Issuer) (the "Refunded 2010B Certificates"), (ii) pay interest on the Series 2017A Certificates to December 1, 2021 and (iii) pay cost of issuance. The Refunded 2010B Certificates will be redeemed on December 1, 2020 at par. The Costs of Issuance including, Underwriter's Discount on the 2017A Certificates, will be paid from other available funds by the County.

The 2010 Project consisted of the acquisition, construction, renovating, furnishing and equipping of county buildings located on certain real estate owned by the County (the "Land"). The 2010 Project included all or part of the Evidence, Administration, Parking, Courthouse, and Jail Kitchen building projects.

THE CERTIFICATES OF PARTICIPATION

General Provisions

The Series 2017A Certificates will be authenticated and issued by the Trustee pursuant to the Trust Agreement. The Series 2017A Certificates will be initially dated the date of issuance and will mature as shown on the inside cover page hereof. Interest on the Series 2017A Certificates is payable on each June 1, and December 1, commencing December 1, 2017. The Series 2017A Certificates are issuable in denominations of $5,000. Each Series 2017A Certificate evidences the Owner's right to receive distributions of a portion of the Lease Payments payable by the County pursuant to the Lease.

Principal, redemption price and interest will be payable to the beneficial owners of the Series 2017A Certificates through the facilities of DTC for so long as the book-entry system is in effect. See "BOOK-ENTRY ONLY SYSTEM" Appendix E. In the event that the book-entry system is discontinued for the Series 2017A Certificates: (1) the principal and redemption price of the Series 2017A Certificates will be payable at the principal corporate office of the Trustee in Saint Paul, Minnesota; and (ii) interest will be payable by check or draft of the Trustee mailed on the Interest Payment Date to the persons who were registered owners thereof as of the fifteenth day of the month preceding the Interest Payment Date. If any payment of interest or principal is due on a day that is not a business day, payment is required to be made on the next succeeding business day with the same effect as if paid when otherwise due.

Series 2017A Certificates may be transferred or exchanged upon surrender at the principal corporate office of the Trustee, in the manner provided in the Trust Agreement.

Redemption

Extraordinary Redemption. The Series 2017A Certificates are subject to redemption, in whole, but not in part, on any date for which notice of redemption can be given, at a redemption price equal to their principal amount plus accrued interest, if the County elects, or is required to prepay the Lease Payments upon the occurrence of certain events of damage to, or destruction or condemnation of the Facilities.

Optional Redemption. The Series 2017A Certificates maturing on and after June 1, 2026, are subject to redemption on and after June 1, 2025, in whole on any date or in part on any date, at a price equal to the principal amount thereof to be redeemed, plus interest accrued to the date of redemption.

Mandatory Sinking Fund Redemption. The Series 2017A Certificates maturing on June 1, 2026, June 1, 2027, June 1, 2028, June 1, 2029, June 1, 2030, June 1, 2031, June 1, 2032, June 1, 2033, June 1, 2034, June 1, 2035, June 1, 2036 and June 1, 2037 (the "Series 2017A Term Certificates"), are subject to mandatory redemption, and will be redeemed pursuant to a mandatory redemption, and will be redeemed pursuant to a mandatory sinking fund redemption, at a redemption price equal to their principal amount plus accrued interest to the date of redemption, on the dates set forth below (each such date being a "Sinking Fund Payment Date") in an amount (a "Mandatory Sinking Fund Payment") equal to the following principal amounts:

Sinking Fund Redemption Dates	Principal Amount	Sinking Fund Redemption Dates	Principal Amount
December 1, 2025	$ 610,000	December 1, 2026	$ 645,000
June 1, 2026 (maturity)	625,000	June 1, 2027 (maturity)	655,000

Sinking Fund Redemption Dates	Principal Amount	Sinking Fund Redemption Dates	Principal Amount
December 1, 2027	$ 675,000	December 1, 2028	$ 695,000
June 1, 2028 (maturity)	685,000	June 1, 2029 (maturity)	715,000

Sinking Fund Redemption Dates	Principal Amount	Sinking Fund Redemption Dates	Principal Amount
December 1, 2029	$ 735,000	December 1, 2030	$ 765,000
June 1, 2030 (maturity)	750,000	June 1, 2031 (maturity)	775,000

Sinking Fund Redemption Dates	Principal Amount	Sinking Fund Redemption Dates	Principal Amount
December 1, 2031	$ 790,000	December 1, 2032	$ 820,000
June 1, 2032 (maturity)	805,000	June 1, 2033 (maturity)	840,000

Sinking Fund Redemption Dates	Principal Amount	Sinking Fund Redemption Dates	Principal Amount
December 1, 2033	$ 850,000	December 1, 2034	$ 890,000
June 1, 2034 (maturity)	865,000	June 1, 2035 (maturity)	905,000

Sinking Fund Redemption Dates	Principal Amount	Sinking Fund Redemption Dates	Principal Amount
December 1, 2035	$ 920,000	December 1, 2036	$ 955,000
June 1, 2036 (maturity)	935,000	June 1, 2037 (maturity)	655,000

or if less than such amount of Series 2017A Certificates is outstanding on any such Sinking Fund Payment Date, an amount equal to the aggregate principal amount of all Series 2017A Certificates then outstanding.

Selection of Certificates for Redemption. The Series 2017A Certificates shall be called for redemption in whole or in part, and if in part, at the option of the County and in such order as the County shall determine. If less than all the Series 2017A Certificates are to be redeemed, the Trustee will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity and series to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed.

Notice of Redemption. When redemption is authorized or required, the Trustee shall give the Owners of the Series 2017A Certificates to be redeemed notice of the redemption of their Series 2017A Certificates. Such notice shall specify: (a) the series of Series 2017A Certificates to be redeemed; (b) the date of redemption; and (c) the place or places where the redemption will be made. Such notice shall further state that on the specified redemption date interest on the Series 2017A Certificates to be redeemed shall cease to accrue and be payable.

Notice of such redemption shall be given not less than thirty (30) days prior to the redemption date by mailing first class, postage prepaid, copies thereof to the Owners whose Series 2017A Certificates are to be redeemed; provided that notice shall be given to any securities depository in accordance with its operational arrangements. Failure to mail such notice and any defect in such notice shall not affect the validity of the proceedings for the redemption of any Series 2017A Certificate not affected by such failure or defect.

Additional Certificates

Additional Certificates may be issued under and be equally and ratably secured by the Trust Agreement on a parity with the Certificates issued under the Trust Agreement and any other Additional Certificates Outstanding, at any time and from time to time, for any of the following purposes.

To provide funds to pay all or any part of the costs of completing the Project, the total of such costs to be evidenced by a certificate signed by an Authorized Officer of the County.

To provide funds to pay all or any part of the costs of repairing, replacing or restoring the Project in the event of damage, destruction or condemnation thereto or thereof, but only to the extent that such costs exceed the Net Proceeds of the insurance or condemnation awards out of which such costs are to be paid pursuant to the Lease.

To provide funds to pay all or any part of the costs of acquisition, construction, furnishing and equipping of additions to the Facilities.

To provide funds for refunding all or any portion of the Certificates of any series issued under the Trust Agreement then Outstanding, including the payment of any premium thereon and interest to accrue to the designated redemption date and any expenses in connection with such refunding.

Before any Additional Certificates shall be issued under the Trust Agreement, the County shall adopt a resolution (i) authorizing or approving the issuance of such Additional Certificates; (ii) authorizing or approving the execution of a Supplemental Trust Agreement for the purpose of issuing such Additional Certificates and fixing the amount and terms thereof and describing the purpose or purposes for which such Additional Certificates are being issued or describing the Certificates to be refunded; and, if required, (iii) authorizing the execution of an amendment to the Lease to provide for Lease Payments at least sufficient to pay amounts representing principal, premium, if any, and interest with respect to the Certificates then to be Outstanding (including the Additional Certificates to be issued) as the same become due.

Except as to any difference in date, maturity, interest rate or redemption provisions, such Additional Certificates shall be on a parity with and shall be entitled to the same benefit and security of the Trust Agreement as the Certificates and any other Additional Certificates Outstanding after the issuance of such Additional Certificates.

Such Additional Certificates shall be executed substantially in the form and manner set forth in the Trust Agreement, upon filing with the Trustee of the following:

(1) An original or certified copy of the resolution adopted by the County Board authorizing or approving the issuance of such Additional Certificates and the execution of such Supplemental Trust Agreement.

(2) An original executed counterpart of the Supplemental Trust Agreement providing for the issuance of such Additional Certificates.

(3) An original executed counterpart of the amendment to the Lease, if required, which amendment shall clearly establish that the County has agreed that the Additional Certificates shall constitute Certificates for the purpose of computing the required Lease Payments.

(4) A request and authorization to the Trustee, on behalf of the County, executed by an Authorized Officer of the County, to execute the Additional Certificates and to deliver them to the Original Purchaser therein identified upon payment of the purchase price thereof to the Trustee.

(5) An opinion of counsel nationally recognized in the area of municipal finance to the effect that the issuance of such Additional Certificates will not result in amounts representing interest payable with respect to any Certificates then Outstanding (including such Additional Certificates) becoming includable in gross income for federal income tax purposes.

(6) In the case of Additional Certificates being issued to refund Outstanding Certificates, such additional documents as shall be reasonably required by the Trustee to evidence that provision has been duly made in accordance with the provisions of the Trust Agreement for the payment of all of the Certificates to be refunded.

(7) Such other Certificates, statements, receipts and documents as the Trustee shall reasonably require for the delivery of such Additional Certificates.

Except as described above, no obligations payable from the sources pledged for payment or security of the Certificates relating to the Trust Agreement, shall be issued on a parity with the Certificates relating to the Trust Agreement, but obligations subordinate to the Certificates relating to the Trust Agreement, may be issued upon the express written direction and consent of the County.

SOURCE AND SECURITY FOR PAYMENTS

Lease Payments

The Lease requires payment of semi-annual Lease Payments by the County, which payments are to be paid directly to the Trustee. The Lease Payments are due from the County on the last Business Day of each May and November.

The Lease is not subject to termination by the County except upon payment or prepayment of the Lease Payments, and the County's obligation to make Lease Payments is absolute and unconditional. The County has covenanted in its Resolution authorizing the Series 2017A Certificates (the "Resolution") that it will budget and appropriate sufficient moneys in each year of the Lease term to pay the Lease Payments when due and to pay any

other amounts payable by the County under the Lease. The County further covenants in the Resolution that it will take all actions necessary to provide moneys to make such payments under the Lease, including the levy of such taxes as may be necessary, subject only to the limitations on such levies imposed by South Dakota law. The current and proposed limitations on the County's ability to levy taxes to pay the Lease Payments and other amounts payable under the Lease are discussed below.

Levy Limitations

The tax levy for general purposes by a county in the State cannot exceed twelve dollars ($12.00) per thousand dollars of taxable valuation. In addition to the tax levy for general purposes, a South Dakota county may levy up to $.90 per thousand dollars of taxable valuation for county buildings. South Dakota Codified Laws, Section 10-13-35 provides that the total amount of revenue derived from property taxes for county purposes may increase over the prior year's revenues by the smaller of three percent (3%) or the CPI inflation index and increases in revenues from additions, improvements or changes in the use of real property are permitted, as well as increased revenues resulting from annexations, reorganizations and certain other limited circumstances. South Dakota Codified Laws, Section 10-13-35 also provides that a county may increase its revenues above the revenue limitation to pay principal, interest, and redemption charges on any bonds, which were subject to a referendum and the Series 2017A Certificates do **not** qualify for this increase of revenues by the County.

Under South Dakota Codified Laws, Section 10-13-36, the revenue limitations under South Dakota Codified Laws, Section 10-13-35 may be exceeded by an excess tax levy imposed by a two-thirds vote of the County Commission, subject to a referendum by petition by 5% of the registered voters of the County. ***No increase in the County Consolidated Levy will be necessary for the payment of the Series 2017A Certificates beyond the limitations imposed by South Dakota Codified Laws, Section 10-13-35.*** For 2015 taxes payable in 2016 the County's General Fund Levy will be $4.078, its Building Fund Levy will be $0.668, its Bond Redemption Fund Levy will be $0 and the Agricultural Building Fund Levy will be $0.076 for a County Consolidated Levy of $4.822. The Building Fund Levy cannot exceed $0.90/$1,000 of taxable valuation and the Agricultural Building Fund Levy cannot exceed $0.30/$1000 of taxable valuation.

SOURCES AND USES OF FUNDS

The sources and uses of funds, including proceeds of the sale and issuance of the Series 2017A Certificates are expected to be as follows:

Sources

Series 2017A Certificates	$	23,695,000.00
Reoffering Premium		2,026,217.00
Total	$	25,721,217.00

Uses

Crossover Escrow Fund	$	25,520,497.00
Cost of Issuance, including Underwriter's Discount		200,720.00
Total	$	25,721,217.00

FUTURE FINANCINGS

The County has previously identified the following projects which with previously and future issued certificates it plans to construct, remodel and equip the existing County Court House; renovate and equip the existing Public Safety Building; construct and equip an addition to the existing Jail and renovate and equip the existing Jail; acquire land and construct or remodel and equip one or more buildings for Health and Human Services and various alcohol treatment programs; construct and equip a highway office, shop and fueling station; acquire land, construct and equip a vehicle maintenance shop and dispatch radio shop; construct, renovate and equip one or more buildings on the County Fairgrounds; acquire land, construct and equip a building and grounds maintenance shop and cold storage building; acquire land and construct parking facilities for County purposes; and construct and equip a weed and pest storage building. Completion of some of the facilities set forth above will require additional financings as levy limitations allow over the coming years.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE SERIES 2017A CERTIFICATES DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE SERIES 2017A CERTIFICATES WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE SERIES 2017A CERTIFICATES. PROSPECTIVE PURCHASERS OF THE SERIES 2017A CERTIFICATES SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE COUNTY OR THE UNDERWRITER. PROSPECTIVE INVESTORS ARE ENCOURAGED TO REVIEW CURRENT EMMA FILINGS FOR THE COUNTY AT HTTP://WWW.EMMA.MSRB.ORG/.

Debt Service Source

The Series 2017A Certificates shall be limited general obligations of the County payable as to both principal and interest from a pledge of ad valorem taxes received by the County within the existing levies. While the future ability of the County to meet its obligations under the Bond Resolution is based upon assumptions and business judgments which the County believes are reasonable and appropriate, they are subject to conditions which may change in the future to an extent that presently cannot be determined. Thus, no assurance can be given that tax payers will pay their taxes when due, nor that the taxable value of real property will be sufficient to produce tax revenues in amounts sufficient to pay the principal of and interest on the Series 2017A Certificates as they become due.

Legal Matters

Various state and federal laws, regulations and constitutional provisions apply to the obligations created by the Series 2017A Certificates. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the County or the taxing authority of the County.

Limitations on Remedies Available to Owners of Series 2017A Certificates

The enforceability of the rights and remedies of the owners of Series 2017A Certificates, and the obligations incurred by the County in issuing the Series 2017A Certificates , could be subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of South Dakota and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Series 2017A Certificates to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

Taxation of Interest on the Series 2017A Certificates

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Series 2017A Certificates is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Series 2017A Certificates includable in gross income for federal income tax purposes.

The County has covenanted in the authorizing Resolution and in other documents and certificates to be delivered in connection with the issuance of the Series 2017A Certificates to comply with the provisions of the

Code, including those which require the County to take or omit to take certain actions after the issuance of the Series 2017A Certificates. Because the existence and continuation of the excludability of the interest on the Series 2017A Certificates depends upon events occurring after the date of issuance of the Series 2017A Certificates, the opinion of Bond Counsel described under "TAX MATTERS" assumes the compliance by the County with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Series 2017A Certificates in the event of noncompliance with such provisions. The failure of the County to comply with the provisions described above may cause the interest on the Series 2017A Certificates to become includable in gross income as of the date of issuance.

Proposed Legislation

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status of municipal certificates. The likelihood of adoption of such legislative proposal relating to tax-exempt certificates cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt certificates (including the Series 2017A Certificates). Prospective purchasers of the Series 2017A Certificates should consult their own tax advisors regarding the impact of any such change in law.

Premium on Series 2017A Certificates

The initial offering prices of certain maturities of the Series 2017A Certificates that are subject to optional redemption are in excess of the respective principal amounts thereof. Any person who purchases a Series 2017A Certificate in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Series 2017A Certificates are subject to redemption at par under the various circumstances described under "Redemption – Optional Redemption." Also see, "TAX MATTERS - Original Issue Premium" herein.

No Additional Interest or Mandatory Redemption upon Event of Taxability

The Resolution does not provide for the payment of additional interest or penalty on the Series 2017A Certificates or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, the Resolution does not provide for the payment of any additional interest or penalty on the Series 2017A Certificates if the interest thereon becomes subject to income taxation by the State.

Suitability of Investment

The tax exempt feature of the Series 2017A Certificates is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Series 2017A Certificates are an appropriate investment.

Market for the Series 2017A Certificates

Bond Rating. The Series 2017A Certificates have been assigned the financial rating set forth in the section hereof entitled "RATING." There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Series 2017A Certificates.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Series 2017A Certificates. Prices of bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the Series 2017A Certificates as a result of financial condition or market position of brokerdealers, prevailing market conditions, lack of adequate current financial information about the County, or a material adverse change in the financial condition of the County, whether or not the Series 2017A

Certificates are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

LEASE

The following is a summary of certain provisions of the Lease. This summary does not purport to be complete, and reference is made to the full text of the Lease for a complete recital of its terms.

Lease Term and Payments

The Lease-Purchase Agreement, dated as of March 1, 2003 (the "Original Lease"), as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of March 1, 2008 (the "First Amendment to Lease"), the Second Amendment to Lease-Purchase Agreement, dated as of December 1, 2010 (the "Second Amendment to Lease"), the Third Amendment to Lease-Purchase Agreement, dated as of October 1, 2011 (the "Third Amendment to Lease"), the Fourth Amendment to Lease-Purchase, dated as of July 1, 2014 (the "Fourth Amendment to Lease"), the Fifth Amendment to Lease-Purchase Agreement, dated as of October 1, 2015 (the "Fifth Amendment to Lease"), the Sixth Amendment to Lease-Purchase Agreement, dated as of February 1, 2016 (the "Sixth Amendment to Lease"), the Seventh Amendment to Lease-Purchase Agreement, dated as of September 1, 2016 (the "Seventh Amendment to Lease") and the Eighth Amendment to Lease-Purchase Agreement, dated as of August 1, 2017 (the "Eighth Amendment to Lease") (collectively, the Original Lease, as amended and supplemented by the First Amendment to Lease, the Second Amendment to Lease, the Third Amendment to Lease, the Fourth Amendment to Lease, the Fifth Amendment to Lease, the Sixth Amendment to Lease, the Seventh Amendment to Lease and the Eighth Amendment to Lease is herein referred to as the "Lease") and extends until December 1, 2040. The Lease Payments due under the Eighth Amendment to Lease commence on December 1, 2017 and are payable semiannually thereafter, with the last Lease Payment payable under the Eighth Amendment to Lease due on June 1, 2037.

The Lease shall terminate prior to December 1, 2040, upon the earliest of the following events:

(a) the County elects to exercise its option to deposit with the Trustee cash or securities sufficient to pay or prepay all unpaid Lease Payments when they are due; or

(b) the County elects to exercise its option to prepay all of the Lease Payments.

The Lease is otherwise not terminable by the County, and the County has covenanted to include each year in its annual budget moneys sufficient to pay the Lease Payments and other obligations of the County under the Lease.

Covenants of the County

The County represents, covenants and warrants that: (a) the County is authorized under the Constitution and laws of the State of South Dakota to enter into the Lease and the transactions contemplated therein, and to perform all of its obligations thereunder; (b) the officers of the County executing the Lease have been duly authorized to execute and deliver the Lease and (c) the Facilities will be used during the term of the Lease primarily to carry out the governmental or proprietary purposes of the County and its departments, agencies, institutions, instrumentalities and political subdivisions.

Title to the Land and Facilities; Security

Title to the Land or a leasehold interest in the Land and the Facilities will be held by the Trustee during the term of the Lease, unless the County discharges its obligation to make the Lease Payments pursuant to the Lease, at which time the Trustee will convey title to the County.

Title to the Land and Facilities will also pass to the County upon payment of an amount of cash or securities which are general obligations of the United States sufficient to pay all Lease Payments when due or subject to prepayment.

Maintenance and Repair

The County agrees that at all times during the term of the Lease, the County will, at the County's sole cost and expense, maintain, preserve and keep the Land and Facilities, or part and parcel thereof, in good repair, working order and condition and that the County will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals.

Restrictions on Assignment and Conveyance

The Lease and the Land and Facilities may not be sold, leased, pledged, assigned or otherwise encumbered by the County for any reason. Such restrictions shall not preclude the County from permitting the use of the Land and Facilities by others for public purposes or in furtherance of any governmental or proprietary functions of the County. No such permitted use or lease shall relieve the County of its obligations under the Lease.

Taxes

The County shall pay all property and excise taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Land and Facilities or any part thereof or the Lease Payments, and which become due during the term of the Lease with respect thereto; and all special assessments and charges lawfully made by any governmental body for public improvements that may be secured by a lien on the Land and Facilities; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as are required to be paid during the term of the Lease as and when the same become due. The County shall not be required to pay any federal, state or local income, inheritance, estate, succession, transfer, gift, franchise, gross receipts, profit, excess profit, capital stock, corporate or other similar tax payable by the Trustee, its successors or assigns, unless such tax is made in lieu of or as a substitute for any real estate or other tax upon property.

Insurance

The County shall cause adequate casualty, public liability and property damage insurance in specified amounts (with respect to the casualty insurance, in an amount not less than the full insurable value of the Facilities, but in no event less than the outstanding principal balance of the purchase price to be paid under the Lease) to be carried and maintained with respect to the Land and Facilities and to protect the Trustee from liability in all events.

Indemnification Covenants

As between the Trustee and the County, the County assumes all risks and liabilities, whether or not covered by insurance, for loss or damage to the Facilities and for injury to or death of any person or damage to any property, whether such injury or death be with respect to agents or employees of the County, the Trustee or of third parties, and whether such property damage be to the County or the Trustee's property or the property of others, which is proximately caused by the negligent conduct of the County, its officers, employees, agents and lessees, or arising out of the operation, maintenance or use of the Land and Facilities by the County, its officers, employees, agents and lessees. The County assumes responsibility for and agrees to reimburse the Trustee for all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including reasonable attorneys' fees) of whatsoever kind and nature, imposed on, incurred by or asserted against the Trustee or its officers or employees that in any way relate to or arise out of a claim, suit or proceeding based in whole or in part on the foregoing, to the maximum extent permitted by law.

Events of Default and Remedies

The occurrence of one or more of the following events shall constitute an Event of Default under the Lease: (a) failure by the County to pay any Lease Payment or other payment required to be paid under the Lease at the time specified therein; (b) failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than the failure to timely pay any Lease Payment or other required payment, for a period of forty-five (45) days after written notice to the County by the Trustee, specifying such failure and requesting that it be remedied, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Trustee has agreed not to withhold unreasonably its consent to an extension of such time if corrective action is instituted by the County within any applicable period and diligently pursued until the default is corrected; or (c) the occurrence of an Act of Bankruptcy.

Upon the occurrence of any Event of Default specified in the Lease, any or all of the following remedies are provided: (a) without terminating the Lease, and subject to the rights of any entity subleasing all or any portion of the Land and Facilities which is not in default under a sublease complying with the Lease, re-enter and take possession of the Land and Facilities and exclude the County and any sublessee in default from using it until the default is cured; or (b) take whatever action at law or in equity may appear necessary or desirable to (i) collect the Lease Payments then due or as they become due, or (ii) enforce performance and observance of any obligation,

agreement or covenant of the County under the Lease or the Resolution, including without limitation enforcing the obligations of the County to budget and levy taxes for the payment of the Lease Payments.

Damage, Destruction and Condemnation; Use of Insurance Proceeds

If, while the Lease is in effect, (a) the Facilities, or any portion thereof, are destroyed (in whole or in part) or damaged by fire or other casualty or, (b) title to, or the temporary use of, the Land and Facilities (or any part thereof) or the estate of the County or the Trustee in the Land and Facilities, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body, or any person, firm or corporation acting under governmental authority, the County will cause the net proceeds of any insurance claim or condemnation award to be applied to the prompt repair, restoration, modification or improvement of the Land and Facilities.

If the net proceeds of insurance or a condemnation award are insufficient to pay in full the cost of any repair, restoration, modification or improvement to the Land and Facilities, the County either (a) shall complete the work and pay any costs in excess of the amount of the net proceeds of insurance or a condemnation award, or (b) may apply the net proceeds to prepayment of Lease Payments.

Release of Facilities

Facilities purchased with proceeds of the Series 2016A Certificates may be released from the Lease by the Trustee if (1) the County sells the Facility that is on Land described in the Ground Lease and the proceeds of the sale are deposited in the Lease Payment Account to prepay principal on the Series 2017A Certificates or (2) the Series 2017A Certificates or any Certificates that have refunded the Series 2017A Certificates have been defeased.

TRUST AGREEMENT

The following is a summary of certain provisions of the Trust Agreement. This summary does not purport to be complete, and reference is made to the full text of the Trust Agreement for a complete recital of its terms.

General

The Trust Agreement is executed by the Trustee and joined in by the County. The purpose of the Trust Agreement is to provide for the authentication, issuance, payment and redemption of the Certificates issued thereunder and to provide for the creation of a Trust Fund for such Certificates for the purposes hereinafter described.

The Certificates of Participation

The Trustee is authorized upon receipt of a request from the County to issue, authenticate and deliver the Series 2017A Certificates. The Series 2017A Certificates will be issued in the form provided in the Trust Agreement and shall evidence the ownership interest of the Owners of the Series 2017A Certificates in and to the Lease and the Lease Payments to be paid by the County to the Trustee pursuant to the Lease and the Trust Agreement, and all revenues derived from the Lease, any money made available for distribution to the Owners of the Certificates from the subsequent sale, leasing or other disposition of the Land and Facilities as a result of an event of default, and any other moneys required to be paid to the Trustee for the Owners of Certificates.

Funds

The Trust Agreement creates a fund known as the Trust Fund. All moneys and investments held by the Trustee under the Trust Agreement are held for the benefit of the present and future Owners of the Certificates and shall be expended only as provided in the Trust Agreement. Within the Trust Fund, there are created a Lease Payment Account, a Redemption Account and a Construction Account.

The Lease Payment Account

The Trust Agreement establishes a Lease Payment Account into which shall be deposited the amount of any transfer from the Series 2017A Construction Account, all interest or income received by the Trustee with respect to the Lease or the Land and Facilities.

On each Payment Date, the Trustee shall withdraw from the Lease Payment Account an amount equal to the principal and interest payments due with respect to the Certificates on such Payment Date. Such amount shall be applied to the payment of principal and interest payments due with respect to the Certificates on such Payment Date.

The Trustee shall transfer from the Lease Payment Account to the Redemption Account all moneys on hand or received in the Lease Payment Account which are to be used for the redemption of Certificates.

The Redemption Account

The Trustee shall deposit into the Redemption Account all moneys paid to it by the County pursuant to any of the County's prepayment options and, in the event of termination of the Lease as a result of an event of default under the Lease, all net proceeds received from the sale or other disposition of the Land and Facilities. Also, in the event of termination of the Lease as a result of an event of default or the exercise by the County of its option to prepay Installment Payments, the Trustee shall transfer to the Redemption Account all moneys on hand in the Lease Payment Account not required to pay principal and interest due or past due on the Series 2017A Certificates.

All moneys on hand in the Redemption Account which will not be used for the redemption of Series 2017A Certificates within thirty (30) days after the date of deposit of such funds, shall be invested at a yield not exceeding the yield on the Lease, computed in accordance with Section 148 of the Code and regulations promulgated thereunder. However, such funds may be invested at a higher yield if the County obtains and delivers to the Trustee an opinion of an attorney or firm of attorneys nationally recognized as bond counsel stating that the investment of such moneys may be made without restriction as to yield or subject to another yield limitation. Any moneys remaining in the Redemption Account after redemption of all outstanding Series 2017A Certificates shall be paid to the County.

The 2017A Escrow Account

All of the proceeds of the Series 2017A Certificates shall be deposited in the 2017A Escrow Account created under the Trust Agreement. The Trustee shall, from the 2017A Escrow Account, provide funds sufficient to defease the 2011A Certificates then outstanding and make payments there from in accordance with the terms of the Trust Agreement.

Rights of Trustee

In carrying out its duties and exercising its powers under the Lease, the Trustee shall exercise that degree of care under the circumstances then prevailing which men of prudence, discretion and intelligence exercise in the management of their own business affairs.

The Trustee shall be protected and shall incur no obligation or liability with respect to the payment of Lease Payments by the County or the performance by the County of any of its obligations under the Lease. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or to take any action at his request unless such Certificate shall be deposited with the Trustee or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trustee.

The Trust Agreement does not require that the Trustee expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Trust Agreement, or in the exercise of any of its right or powers thereunder. The Trustee shall not be individually liable for any payments to be made under any Certificates, the Trust Agreement or the Lease. The Trustee shall be under no obligation to institute or to take any immediate action, or to enter any appearance or in any way defend any suit in which it may be made a defendant, take any steps in the enforcement of any rights and powers under the Trust Agreement until it shall be indemnified to its satisfaction for any and all costs, expenses, outlays and counsel fees and any other reasonable disbursements and against all liabilities. The Trustee shall be compensated by the County and such compensation shall not be paid from the Lease Payments or any other revenues received pursuant to the Lease or funds held by the Trustee except with respect to amounts expended in connection with the exercise of remedies upon the occurrence of any event of default.

The Trustee may resign, and thereby become discharged from its obligations under the Trust Agreement, by notice in writing given to the Owners of the Certificates. The Trustee may be removed at any time by instrument in writing executed by the Owners of not less than a majority of the aggregate principal amount of the Certificates or by agreement between the County and the Trustee. If at any time the position of Trustee shall become vacant, a majority of the Registered Owners shall appoint a Trustee to fill such vacancy.

Events of Default

Upon the occurrence of any Event of Default under the Lease, the Trustee or the Owners of not less than a majority of the aggregate principal amount of the Certificates then outstanding shall be entitled, upon notice in

writing to the County and the Trustee, to enforce the rights and exercise the remedies provided to the Trustee in the Lease, as appropriate.

Amendments to Trust Agreement and Lease

The Trust Agreement and the Lease may be amended in writing by agreement among all of the parties thereto, but, except as provided below no such amendment shall become effective without the prior written consent of two-thirds in aggregate principal amount of the Certificates then Outstanding; provided that no such amendment shall impair the right of any Owner to receive his or her proportionate share of any Lease Payment in accordance with his or her Certificate; provided that amendments required by a Rating Agency as a condition to maintaining the initial rating on the Certificates shall not require consent of Certificate Owners.

The County and the Trustee may, without the consent of or notice to any of the Owners of the Certificates, enter into one or more amendments to the Trust Agreement or the Lease for one or more of the following purposes:

(a) To cure any ambiguity or formal defect or omission herein or to correct or supplement any provision therein which may be inconsistent with any other provision therein, or to make provisions with respect to matters or questions arising thereunder provided such action shall not, in the judgment of the Trustee (with respect to which the Trustee may rely on an opinion of counsel), materially adversely affect the interests of the Owners of the Certificates;

(b) To grant or confer upon the Owners of the Certificates any additional rights, remedies, power or authority that may lawfully be granted or conferred upon them;

(c) To comply with the requirements of any State or federal securities laws or the Trust Indenture Act of 1939, as from time to time amended, if required by law or regulation lawfully issued thereunder;

(d) To provide for the appointment of a successor trustee or co-trustee pursuant to the terms hereof;

(e) To permit: (i) if lawful, the issuance of Certificates in book-entry form not evidenced by physical Certificates, or (ii) Certificates in bearer form if, in the opinion of Bond Counsel, such action will not cause the interest component of any Lease Payment to become includable in the gross income of the Owners of the Certificates thereof for federal income tax purposes;

(f) To subject to the Trust Agreement additional revenues, properties or collateral; or

(g) To issue Additional Certificates as provided in the Trust Agreement.

THE GROUND LEASE

The following is a summary of certain provisions of the Ground Lease. This summary does not purport to be complete, and reference is made to the full text of the Ground Lease for a complete recital of its terms.

The County, pursuant to the Ground Lease as amended and supplemented by the First Amendment to the Ground Lease, the Second Amendment to the Ground Lease, the Third Amendment to the Ground Lease and the Fourth Amendment to the Ground Lease has leased the Land from the Trustee for a term commencing on March 1, 2003 and ending on December 1, 2043 (unless the Lease Payments have not been fully paid by that date, in which event, the term of the Ground Lease is automatically extended to December 1, 2053), for the purpose of (i) acquiring and constructing the Facilities on the Land, (ii) maintaining the Facilities, (iii) access, ingress, and egress to the Facilities, and (iv) other purposes as set forth therein.

Land purchased with proceeds of the Series 2017A Certificates may be released from the Ground Lease by the Trustee if (1) the County sells the Facility that is on Land described in the Ground Lease and the proceeds of the sale are deposited in the Lease Payment Account to prepay principal on the Series 2017A Certificates or (2) the Series 2017A Certificates or any Certificates that have refunded the Series 2017A Certificates have been defeased.

TAX MATTERS

Series 2017A Certificates

In the opinion of Lindquist & Vennum LLP, as Bond Counsel, on the basis of laws in effect on the date of issuance of the Series 2017A Certificates, the interest component of the Lease Payments to be received by the Owners of the Series 2017A Certificates is not includible in gross income for federal income tax purposes. The

interest component of the Lease Payments to be received by the Owners of the Series 2017A Certificates is includible in gross income for South Dakota tax purposes when the recipient is a financial institution as defined in South Dakota Codified Laws, Chapter 10-43. In rendering its opinion, Bond Counsel will rely on certain covenants and representations on the part of the County concerning the nature and cost of the facilities being financed from proceeds of the Series 2017A Certificates and the application and investment of proceeds of the Series 2017A Certificates. Moreover, certain provisions of the Internal Revenue Code of 1986, as amended (the Code), impose continuing requirements that must be met after the issuance of the Series 2017A Certificates in order for interest thereon to be and remain not includible in federal gross income. Noncompliance with such requirements by the County may cause the interest component of the Lease Payments to be received by the Owners of the Series 2017A Certificates to be includible in federal gross income, retroactive to the date of issuance of the Series 2017A Certificates, irrespective in some cases of the date on which such noncompliance occurs or is ascertained. No provision has been made for redemption of the Series 2017A Certificates or for an increase in the interest rate on the Series 2017A Certificates in the event that interest on the Series 2017A Certificates becomes includible in federal gross income.

The interest component of the Lease Payments to be received by the Owners of the Series 2017A Certificates is not an item of tax preference includible in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to all taxpayers, but is includible in book income or in earnings and profits in determining the alternative minimum taxable income of corporations for purposes of the federal alternative minimum tax. The interest component of the Lease Payments to be received by the Owners of the Series 2017A Certificates may be includible in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code and is includible in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code. In the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to fifteen percent (15%) of the interest component of the Lease Payments to be received by the Owners of the Series 2017A Certificates that is received or accrued during the taxable year. Section 86 of the Code requires recipients of certain Social Security and railroad retirement benefits to take into account the interest component of the Lease Payments to be received by the Owners of the Series 2017A Certificates in determining the taxability of such benefits. Passive investment income, including the interest component of the Lease Payments to be received by the Owners of the Series 2017A Certificates, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of its gross receipts is passive investment income.

Bond Counsel's opinion is given as of its date and Bond Counsel assumes no obligation to update, revise, or supplement such opinion to reflect any changes in facts or circumstances or any changes in law that may hereafter occur. Proposals are regularly introduced in both the United States House of Representatives and the United States Senate that, if enacted, could alter or affect the tax-exempt status of municipal certificates. For example, legislation has been proposed by President Obama that would, among other things, limit the amount of exclusions (including tax-exempt interest) or deductions that certain higher-income taxpayers could use to reduce their tax liability. The likelihood of adoption of this or any other such legislative proposal relating to tax-exempt certificates cannot be reliably predicted. If enacted into law, current or future proposals may have a prospective or retroactive effect and could affect the value or marketability of tax-exempt certificates (including the Series 2017A Certificates).

The foregoing is not intended to be an exhaustive discussion of collateral tax consequences arising from receipt of interest with respect to the Series 2017A Certificates. Prospective purchasers or owners of the Series 2017A Certificates should consult their tax advisors with respect to collateral tax consequences, including without limitation the calculations of alternative minimum tax, environmental tax or foreign branch profits tax liability or the inclusion of Social Security or other retirement payments in taxable income.

Original Issue Discount

The initial public offering price of the Series 2017A Certificates maturing in the year 2037 (the "Discounted Certificates") is less than the principal amount payable thereon at maturity. As a result, the Discounted Certificates will be considered to be issued with original issue discount. The difference between the initial public offering price of each maturity of the Discounted Certificates as set forth on the inside cover page of this Official Statement (assuming it is the first price during the initial offering (the "Issue Price") at which a substantial amount of such maturity is sold to the public), and the principal amount payable at maturity of the Discounted Certificates

will be treated as "original issue discount." With respect to a taxpayer who purchases a Discounted Certificate in the initial public offering at the Issue Price and who holds such Discounted Certificate to maturity, the full amount of original issue discount will constitute interest which is not includable in the gross income of the owner of such Discounted Certificate for federal income tax purposes and such owner will not, under present federal income tax law, realize taxable capital gain upon payment of such Discounted Certificate upon maturity.

The original issue discount on each of the Discounted Certificates is treated as accruing daily over the term of such Discounted Certificate on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 1 and December 1 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discounted Certificates, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discounted Certificates. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discounted Certificates (including sale, redemption or payment at maturity). An owner of a Discounted Certificate who disposes of such Discounted Certificate prior to maturity should consult such owner's tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discounted Certificate prior to maturity.

As described above regarding tax-exempt interest, a portion of the original issue discount that accrues in each year to an owner of a Discounted Certificate may result in certain collateral federal income tax consequences. In the case of a corporation, such portion of the original issue discount will be included in the calculation of the corporation's alternative minimum tax liability and the branch profits tax liability. Corporate owners of any Discounted Certificates should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability or a branch profits tax liability although the owners of such Discounted Certificates will not receive a corresponding cash payment until a later year.

Owners who purchase Discounted Certificates in the initial public offering but at a price different than the Issue Price should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Certificates.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discounted Certificates. Owners who do not purchase Discounted Certificates in the initial public offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Certificates.

Owners of Discounted Certificates should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Certificates. It is possible that under the applicable provisions governing the determination of state or local income taxes, accrued original issue discount on the Discounted Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

Original Issue Premium

The Series 2017A Certificates maturing in the years 2021 through 2036, inclusive, (the "Premium Certificates") are being sold at a price greater than the principal amounts payable on such Series 2017A Certificates at maturity. To the extent that a purchaser of a Premium Certificate acquires a Premium Certificate at a price greater than the principal amount payable at maturity, such excess may be considered "amortizable bond premium" under Section 171 of the Code. In general, any amortizable bond premium with respect to a Premium Certificate must be amortized under the Code. The amount of premium so amortized will reduce the owner's basis in such Premium Certificate for Federal income tax purposes, and such amortized premium is not deductible for Federal income tax purposes. Purchasers should consult their own tax advisors as to the computation and treatment of such amortizable bond premium, including, but not limited to, the calculation of gain or loss upon the sale, redemption, maturity, receipt or payment or other disposition of a Premium Certificate.

The foregoing discussion of the collateral federal tax consequences which may arise from the receipt of interest on the Series 2017A Certificates is not intended to be comprehensive. All prospective purchasers of the Series 2017A Certificates should consult their tax advisors as to the tax consequences of, purchasing or holding the Series 2017A Certificates.

RATING

Moody's Investors Service. Inc. has assigned the Series 2017A Certificates the rating of "Aa1". Such rating reflects only the view of Moody's Investors Service, Inc., and an explanation of the significance of such ratings may be obtained from Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007. telephone (212) 553-0300. There is no assurance that this rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's Investors Service, Inc. if in the judgment of Moody's Investors Service Inc., circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2017A Certificates.

UNDERWRITING

The Underwriter will purchase the aggregate principal amount of the Series 2017A Certificates upon their original issuance and delivery at a purchase price of $25,579,047.00 (reflecting an underwriter's discount of $142,170.00 and net reoffering premium of $2,026,217.00). The Underwriter will purchase all of the Series 2017A Certificates offered hereby if any of the Series 2016A Certificates are purchased.

The Series 2017A Certificates are being offered for sale at the prices set forth on the inside cover page of this Official Statement, which prices may be changed by the Underwriter from time to time without notice. The Series 2017A Certificates may be offered and sold to dealers, and dealers acquiring Series 2017A Certificates for their own account or an account managed by them at prices lower than public offering prices.

CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12, as amended ("Rule 15c2-12"), of the Securities and Exchange Commission (the "SEC"), the County will covenant and agree in a Continuing Disclosure Agreement for the benefit of the registered holders or beneficial owners from time to time of the Series 2017A Certificates to provide certain financial information and operating data (the "Annual Financial Information"), relating to the County by not later than 365 days following the end of the County's fiscal year (ending December 31st), commencing with the report for the fiscal year ended December 31, 2017 (which is due no later than December 31, 2018), and to provide notices of the occurrence of certain enumerated events, if material (the "Disclosure Covenants"). The Annual Financial Information will be filed by or on behalf of the County to the Municipal Securities Rulemaking Board at its Electronic Municipal Market Access System ("EMMA"). Notices of material events will be filed by or on behalf of the County with EMMA. The County's undertaking to provide ongoing disclosure will be substantially in the form set forth in Appendix D – "CONTINUING DISCLOSURE AGREEMENT."

During the previous five years, the County has provided their audited financial statements to the EMMA system but has not been able to meet the 180 day requirement in the Series 2009 Continuing Disclosure Agreement. The remaining outstanding issues have either a 270 or 365 day requirement which has been met for the last 5 years. The 2015 audited financials were not disseminated to all required CUSIPs under the Continuing Disclosure Agreement. The missing CUSIPs will be added to the original dissemination and no other notice will be made. The additional required operating information ("Operating Data") required for each issue has not been provided for year-end 2014 and 2015. The County and their Dissemination Agent have arrangements to add all missing information including failure notices for the late audits (Series 2009) and for the missing Operating Data. Due to State requirements that each Audit be reviewed by the Department of Legislative Audit prior to being finalized and a limited number of Auditors, the Issuer rarely has the Audit by June 30th.

Breach of the Disclosure Covenants will not constitute a default or an "Event of Default" under the Continuing Disclosure Agreement. A broker or dealer is to consider a known breach of the Disclosure Covenants, however, before recommending the purchase or sale of the Series 2017A Certificates in the secondary market. Thus, a failure on the part of the County to observe the Disclosure Covenants may adversely affect the transferability and liquidity of the Series 2017A Certificates and their market price.

CERTAIN LEGAL MATTERS

The validity of the Lease and the Series 2017A Certificates and certain other matters will be passed upon by Lindquist & Vennum LLP, Minneapolis, Minnesota. Copies of such opinion will be available at the time of delivery of the Series 2017A Certificates. Certain legal matters will be passed upon for the County by its counsel, Jay Alderman, Esq., Deputy State's Attorney.

LITIGATION AND CLAIMS

There is no litigation of any nature now pending or threatened questioning the organization of the County, the right of its present officials to hold their respective offices, or the right, power and authority of the County to enter into the Lease or to levy and collect taxes for its repayment.

ENFORCEABILITY OF OBLIGATIONS

On the closing date for delivery of the Series 2017A Certificates to the Underwriter thereof, Lindquist & Vennum LLP, Minneapolis, Minnesota, Bond Counsel, will deliver their opinion dated the date of such delivery that the Series 2017A Certificates, the Lease, the Ground Lease and the Trust Agreement are valid and legally binding agreements, enforceable in accordance with their terms, respectively, qualified only to the extent that the enforceability of the Series 2017A Certificates, the Trust Agreement, the Ground Lease and the Lease may be limited by laws affecting remedies and by bankruptcy or insolvency or other laws affecting creditors' rights generally.

Bond Counsel has not examined nor attempted to examine or verify any of the information or data contained in this Official Statement, and will express no opinion with respect thereto.

MISCELLANEOUS

Any statements made in this Official Statement, including Appendix A, involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representations are made that any of the estimates will be realized.

The references herein to the Trust Agreement, the Lease, and other documents referred to herein are brief summaries of certain provisions thereof. Such summaries do not purport to be complete, and reference is made to such documents for full and complete statements of such provisions.

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APPENDIX A –
DEFINITIONS

As used in the Lease, the Trust Agreement and the Ground Lease described herein, the following terms have the meanings indicated below:

Act of Bankruptcy shall mean any of the following events:

(i) The County shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the County or of all or a substantial part of either of their property, (b) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), or (c) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(ii) A proceeding or case shall be commenced, without the application or consent of the County, as the case may be, in any court of competent jurisdiction, seeking (a) the liquidation, reorganization, dissolution, winding-up, or the composition or adjustment of debts, of the County (b) the appointment of a trustee, receiver, custodian, liquidator or the like of the County or of all or any substantial part of the assets of the County, or (c) similar relief in respect of the County under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case has not been dismissed within sixty (60) days of the filing thereof.

Authorized Newspapers shall mean a financial paper or a newspaper of general circulation in Pennington County, South Dakota.

Authorized Officer when used with respect to the County, shall mean the County Auditor or any other person who is designated in writing by the County Auditor as an Authorized Officer for purposes of the Trust Agreement. The term "Authorized Officer," when used with respect to the Trustee, means any Vice President and/or trust officer who is authorized to take the action in question on behalf of the Trustee.

Certificates means collectively the Series 2003 Certificates, the Series 2008A Certificates, the Series 2010 Certificates, the Series 2011A Certificates, Series 2014A Certificates, the Series 2015A Certificates, Series 2016A Certificates, Series 2016B Certificates and the Series 2017A Certificates.

Construction Costs all costs of payment of or reimbursement for, acquisition, renovation, construction, installation and financing of the Facilities, including but not limited to, administrative costs, engineering costs, costs of feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs, costs of obtaining title insurance or a title opinion, printing costs, reproduction and binding costs, legal fees and charges, professional consultant fees, and charges and fees in connection with the foregoing; if the Certificates are secured by bond insurance or other credit enhancement, then, to the extent permitted by the Code, the initial premium or fee and any premium or fee paid during the construction of the Facilities, for such bond insurance or other credit enhancement shall be treated as part of the Construction Costs.

Cost of Issuance shall mean all fees and expenses incurred by the County in connection with the execution and delivery of the Lease and the issuance of the Certificates, including, but not limited to, costs of preparing and printing the Certificates, the Lease, the Trust Agreement, the Official Statement relating to the Certificates, and related documents; legal fees (including those of counsel to the Trustee, the County and the Underwriter); Rating Agency fees; bond insurance and the Trustee's initial fees.

Eighth Amendment to Lease shall mean the Eighth Amendment to Lease-Purchase Agreement, dated as of August 1, 2017, by and between the County and the Trustee.

Eighth Supplemental Declaration of Trust shall mean the Eighth Supplemental Declaration of Trust, dated as of August 1, 2017 by and between the Trustee and joined in by the County.

Facilities shall mean the buildings, structures and improvements now or hereafter located on the Land.

Fifth Amendment to Lease shall mean the Fifth Amendment to Lease-Purchase Agreement, dated as of October 1, 2015, by and between the County and the Trustee.

Fifth Supplemental Declaration of Trust shall mean the Fifth Supplemental Declaration of Trust, dated as of October 1, 2015 by and between the Trustee and joined in by the County.

First Amendment to Lease shall mean the First Amendment to Lease-Purchase Agreement, dated as of March 1, 2008, by and between the County and the Trustee.

First Supplemental Declaration of Trust shall mean the First Supplemental Declaration of Trust, dated as of March 1, 2008 by and between the Trustee and joined in by the County.

First Amendment to Ground Lease shall mean the First Amendment to Ground Lease Agreement, dated as of December 1, 2010, between the County and the Trustee.

Fiscal Year shall mean the 12-month fiscal period of the County, which commences on January 1 in every year and ends on December 31 of that year.

Fourth Amendment to Lease shall mean the Fourth Amendment to Lease-Purchase Agreement, dated as of July 1, 2014, by and between the County and the Trustee.

Fourth Supplemental Declaration of Trust shall mean the Fourth Supplemental Declaration of Trust, dated as of July 1, 2014, by and between the Trustee and joined in by the County.

Fourth Amendment to Ground Lease shall mean the Fourth Amendment to Ground Lease Agreement, dated as of April 1, 2016, between the County and the Trustee.

Ground Lease shall mean the Ground Lease Agreement, dated as of March 1, 2003, between the County and the Trustee, as amended by the First Amendment to the Ground Lease, dated as of December 1, 2010 and the Second Amendment to the Ground Lease, dated as of October 1, 2015.

Interest shall mean the portion of any Lease Payment designated as and comprising interest as shown on Exhibit B to the Original, Exhibit A to the First Amendment to Lease, Exhibit A to the Second Amendment to Lease, Exhibit A to the Third Amendment to Lease, Exhibit A to the Fourth Amendment to Lease, Exhibit A to the Fifth Amendment to Lease, Exhibit A to the Sixth Amendment to Lease and Exhibit A to the Seventh Amendment to Lease.

Land shall mean the real property described on Exhibit A to the Lease.

Lease shall mean the Lease-Purchase Agreement, dated as of March 1, 2003, as amended and supplemented by the First Amendment to Lease-Purchase Agreement, dated as of March 1, 2008 and the Second Amendment to the Lease-Purchase Agreement, dated as of December 1, 2010, the Third Amendment to the Lease-Purchase Agreement, dated as of October 1, 2011 and the Fourth Amendment to the Lease-Purchase Agreement, dated as of July 1, 2014, the Fifth Amendment to the Lease-Purchase Agreement, dated as of October 1, 2015, the Sixth Amendment to the Lease-Purchase Agreement, dated as of February 1, 2016 and the Seventh Amendment to the Lease-Purchase Agreement, dated as of September 1, 2016.

Lease Payment shall mean the payment due from the County to the Trustee on each Payment Date during the term of the Lease, as shown on Exhibit B to the Lease and Exhibit A to the First Amendment to Lease, the Second Amendment to Lease, the Third Amendment to Lease, the Fourth Amendment to Lease, the Fifth Amendment to Lease, the Sixth Amendment to Lease and the Seventh Amendment to Lease.

Net Proceeds shall mean any insurance proceeds paid with respect to the Facilities remaining after payment therefrom of all expenses incurred in the collection thereof.

Original Lease shall mean the Lease-Purchase Agreement, dated as of March 1, 2003, between the Trustee, as lessor, and the County, as lessee.

Outstanding shall mean the term "Outstanding," when used with reference to the Certificates and as of any particular date, means all Certificates theretofore delivered, except: (a) any Certificate canceled or fully paid by the Trustee at or before said date; (b) any Certificate in lieu of or in substitution for which another Certificate shall have been delivered pursuant to the Trust Agreement; and (c) for the sole purpose of determining the percentage of Certificate Owners consenting to an amendment of the Trust Agreement or authorizing any action by the Trustee or the exercise of any remedy hereunder, any Certificate owned by the County or any of its departments, agencies, institutions, instrumentalities or political subdivisions. For all other purposes, Certificates owned by the County or any such entity which are not described in (a) and (b) shall be treated as Outstanding hereunder.

Owner shall mean the terms "Owner," "Certificate Owner" or "Owner of Certificates" or any similar term, when used with respect to the Certificates, mean the registered owner of any Outstanding Certificate.

Payment Date shall mean the last Business Day preceding the end of May and November in each year.

Permitted Investments shall mean to the extent permitted by applicable law:

(a) (1) bonds or interest bearing notes or obligations of the United States or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

(2) Securities either directly or indirectly guaranteed by the United States.

(3) Repurchase agreements fully collateralized by securities described in (a)(l) or (2) meeting the requirements of Sections 4-5-6 and 4-5-9 South Dakota Codified Laws.

(4) Shares of an open-end, no-load fund administered by an investment company registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933 and whose only investments are in securities described in (a)(1) and (2) and repurchase agreements described in (a)(3).

(5) Time deposits and interest-bearing accounts with any institution constituting a "qualified public depository" under Chapter 4-6A, South Dakota Codified Laws.

(b) bonds or interest-bearing notes or obligations that are guaranteed as to principal and interest by a federal agency of the United States;

(c) bonds, consolidated bonds, collateral trust debentures, consolidated debentures or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan act, as amended; debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended; bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, stocks, bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act, as amended; bonds of any federal home loan bank established under said Act, obligations of the Federal Home Loan Mortgage Corporation;

(d) direct and general obligations of any state of the United States or any municipality or political subdivision of such state, if such obligations are rated in the highest rate category by Standard & Poor's Corporation or Moody's Investors Service, Inc.;

(e) bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers acceptances, which are eligible for purchase by the Federal Reserve System;

(f) negotiable certificates of deposit issued by a nationally or state chartered bank which are fully insured by the Federal Deposit Insurance Corporation; and

(g) guaranteed investment contracts of financial institutions rated in one of the two highest rating categories by Standard & Poor's Corporation or Moody's Investors Service, Inc.

Principal shall mean the portion of any Lease Payment designated as principal in Exhibit B to the Lease.

Principal Office means the principal office of the Trustee situated in St. Paul, Minnesota, or any office so designated by a successor.

Resolution means the resolution adopted by the Board of County Commissioners of the County on November 1, 2016 relating to the issuance of the Series 2017A Certificates.

Second Amendment to Lease shall mean the Second Amendment to Lease-Purchase Agreement, dated as of December 1, 2010, by and between the County and the Trustee.

Second Supplemental Declaration of Trust shall mean the Second Supplemental Declaration of Trust, dated as of December 1, 2010 by and between the Trustee and joined in by the County.

Second Amendment to Ground Lease shall mean the Second Amendment to Ground Lease Agreement, dated as of October 1, 2015, between the County and the Trustee.

Series 2003 Certificates shall mean collectively the Series 2003A and the Series 2003B certificates of participation prepared and delivered by the Trustee pursuant to the Original Trust Agreement

Series 2008A Certificates shall mean the certificates of participation prepared and delivered by the Trustee pursuant to the Original Trust Agreement as supplemented by the First Supplemental Declaration of Trust.

Series 2010 Certificates shall mean collectively Series 2010A, the Series 2010B, and the Series 2010C certificates of participation prepared and delivered by the Trustee pursuant to the Original Trust Agreement as amended and supplemented by the First Supplemental Declaration of Trust, and the Second Supplemental Declaration of Trust.

Seventh Amendment to Lease shall mean the Seventh Amendment to Lease-Purchase Agreement, dated as of September 1, 2016, by and between the County and the Trustee.

Seventh Supplemental Declaration of Trust shall mean the Seventh Supplemental Declaration of Trust, dated as of September 1, 2016 by and between the Trustee and joined in by the County.

Sixth Amendment to Lease shall mean the Sixth Amendment to Lease-Purchase Agreement, dated as of February 1, 2016, by and between the County and the Trustee.

Sixth Supplemental Declaration of Trust shall mean the Sixth Supplemental Declaration of Trust, dated as of February 1, 2016 by and between the Trustee and joined in by the County.

Third Amendment to Ground Lease shall mean the Third Amendment to Ground Lease Agreement, dated as of February 1, 2016, between the County and the Trustee.

Third Amendment to Lease shall mean the Third Amendment to Lease-Purchase Agreement, dated as of October 1, 2011, by and between the County and the Trustee.

Third Supplemental Declaration of Trust shall mean the Third Supplemental Declaration of Trust, dated as of October 1, 2011 by and between the Trustee and joined in by the County.

Trust Agreement shall mean the Declaration of Trust, dated as of March 1, 2003, as amended and supplemented by the First Supplemental Declaration of Trust, dated as of March 1, 2008, the Second Supplemental Declaration of Trust, dated as of December 1, 2010, the Third Supplemental Declaration of Trust dated as of October 1, 2011, the Fourth Supplemental Declaration of Trust dated as of July 1, 2014, the Fifth Supplemental Declaration of Trust dated as of October 1, 2015, the Sixth Supplemental Declaration of Trust dated as of February 1, 2016 and the Seventh Supplemental Declaration of Trust dated as of September 1, 2016, by the Trustee and joined in by the County.

Underwriter shall mean Dougherty & Company LLC and its successors and assigns.

**APPENDIX B –
COUNTY INFORMATION**

PENNINGTON COUNTY

BOARD MEMBERS JANUARY 3, 2017

Ron Buskerud, Commissioner
Mark DiSanto, Commissioner
George Ferebee, Commissioner
Deb Hadcock, Chair
Lloyd LaCroix, Vice Chair

ELECTED OFFICIALS

Julie A. Pearson, Auditor
Donna Mayer, Register of Deeds
Kevin Thom, Sheriff
Mark Vargo, State's Attorney
Janet Sayler, Treasurer

SPECIAL SERVICES

Bond Counsel
Betsey Aby
Lindquist & Vennum LLP
Minneapolis, Minnesota

SUMMARY OF COUNTY INFORMATION

Pennington County is located in Western South Dakota. Rapid City, the County seat, is located on I-90 and U.S. Highways 14 and 16.

A Board of Commissioners consisting of five members elected by districts for 4-year terms governs Pennington County organized in 1877.

Total Taxable Value for 2016 pay 2017 (includes TIDs)	8,346,968,380
Direct General Obligation Debt	0
COP Bonds Balance 1-1-17	53,870,000
Lease Purchase Obligations 1-1-17	851,398
Population 2010 Census	100,948
Area Square Miles	2,776

Source: PT76 & Bond Payment Schedules

Following are population figures for incorporated municipalities in the County according to the U.S. Census:

	1970	1980	1990	2000	2010
Box Elder	607	3,186	2,680	2,841	5,094
Hill City	389	535	650	780	948
Keystone	n/a	295	232	311	337
New Underwood	416	517	553	616	660
Quinn	105	80	72	44	54
Rapid City	43,836	46,692	54,523	59,607	67,956
Wall	786	542	834	818	766
Wasta	127	99	82	75	80

Employers & Pension Plans

Pennington County employed 697 on December 31, 2016 payroll. The South Dakota Retirement System administered by the State of South Dakota covers employees of Pennington County. Members' contributions and credited interest are 100% vested and may be withdrawn upon termination of employment. The County's total cost of the plan for the year ended December 31, 2016, was $2,200,484.

Class A members include all employees other than public safety. They are required by state statute to contribute 6% of their gross salary. The County by statute is required to match all employee contributions.

Class B members include Public Safety members that are described as deputies and adult & juvenile correctional officers. They are required to contribute 8% of their gross salary. The County by statute is required to match all employee contributions.

Additional information is contained in the "Notes to the Financial Statements" relating to the 2012, 2013, 2014, 2015 and 2016 audited financial statements set forth in this appendix to this Official Statement.

Contribution Information	2016	2015	2014	2013	2012
Total Contributions of Employee and Employer	4,400,968	4,070,568	3,850,108	3,862,036	3,738,362
Employer/County Contributions	2,200,484	2,035,284	1,925,054	1,931,018	1,869,181
Percent of Covered Payroll	50%	50%	50%	50%	50%
Employee Contributions	2,200,484	2,035,284	1,925,054	1,931,018	1,869,181
Percent of Covered Payroll	50%	50%	50%	50%	50%

Source: Pennington County Payroll

Valuations

All property subject to taxation is assessed annually according to value on the first day of November proceeding the assessment year. The Director of Equalization compiles an assessment roll for each taxing district within the county. Currently assessment rolls are compiled for 6 school districts, 2 water districts, 16 fire districts, 20 civil townships, 8 cities/towns, 9 sanitary districts, 141 road districts, 4 ambulance districts, county library, county fire administration, unorganized road and the county as a whole. The assessment roll or property valuations are reviewed and adjusted for errors and omissions by each municipality and township. Upon completion of local and county boards of equalization, the valuations are factored to an 85% median level of assessment using the preceding year's sales as a benchmark.

The table below represents the factored property value for 2016 pay 2017 taxing purposes and is levied upon by the County Auditor in mil rates or dollars per thousand of value.

Classification of Property	2016 Factored Value
AG Out	345,037,891
OO Out	1,499,651,160
M Out	12,496,042
MO Out	22,960,961
OTH Out	473,704,241
UTILITIES OUT	189,245
AG IN	4,883,675
OO In	3,030,545,889
M In	14,720,356
MO In	22,031,292
OTH In	2,795,298,229
UTILITIES IN	125,449,399
Total All Property	8,346,968,380

Source: Pennington County PT76

For school general fund levying purposes there are three classes of property: agricultural, owner occupied, and other. The general fund levies for school purposes are set in statute annually by the state legislature to compensate for both growth and inflation. Below are tables representing a 5-year history of full and true valuation/taxable values and levied dollars for the county consolidated fund or taxes paid by all taxpayers.

Historical full & true value and taxable values including tax increment values for 5-year History:

Tax Year	Full & True Property Value	Taxable Percentage	Taxable Value Property	Plus Utilities	Total Taxable Value
2016	8,346,968,380	100%	8,221,329,736	125,449,399	8,346,779,135
2015	7,851,383,381	100%	7,737,868,729	113,514,652	7,851,383,381
2014	7,410,739,481	100%	7,300,467,974	110,271,507	7,410,739,481
2013	6,999,990,954	100%	6,999,990,954	108,840,189	7,108,831,143
2012	6,754,354,787	100%	6,754,354,787	104,445,982	6,858,800,769

Source: SD Dept of Revenue Certificate of Value & Pennington County PT76

County Consolidated Tax Dollars Levied 5-year History

Year	County General	County Fair	Accumulated Building	Snow/Emergency	Total
2016	31,970,270	532,442	5,113,011	0	37,615,723
2015	30,198,582	562,798	4,946,702	0	35,708,082
2014	28,715,176	505,006	4,972,902	28,056	34,221,140
2013	30,351,648	494,501	3,969,370		30,846,149
2012	29,645,472	505,402	3,650,700		33,801,574

Source: Pennington County's Tax Recap

The table below is the 15 largest taxpayers for the 2016 pay 2017 tax year.

Property Owner	Type of Business	Factored Value	Percent of Total Taxable Value
SM Rushmore Mall	Retail Mall	29,113,656	0.35%
Stoney Creek Assoc.	Apartment Complex	17,817,020	0.21%
K & K Chevland LLD	Retail Mall	16,043,008	0.19%
Gateway Apartments	Apartment Complex	13,843,440	0.17%
Black Hills Surgery Center	Medical Center	13,277,857	0.16%
Cole Mt Rapid City SD (I) LLC	Retail Mall	13,071,443	0.16%
Rushmore Plaza	Hotel	12,686,107	0.15%
Walmart Real Estate Trust	Retail	12,106,733	0.15%
Hog Wild LLC	Retail	11,799,014	0.14%
Harmony Heights Assoc LLP	Apartment Complex	11,721,840	0.14%
Walmart Real Estate	Retail	10,948,163	0.13%
Mountain View LLC	Apartment Complex	10,740,600	0.13%
Rushmore Cedar, LLC	Office Bldg.	10,254,400	0.12%
Sams Real Estate Business Trust	Retail	9,908,845	0.12%
Atlantis LLC	Hotel/Water Park	9,869,330	0.12%
MFP Mid America Shopping Ctr	Retail Mall	9,833,969	0.12%
Total 15 Parcels		213,035,425	

Source: Pennington County's Tax List

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied and are due and payable in two equal installments first half is due on or before April 30 and second half is due on or before October 31 of each year.

The Pennington County Treasurer is responsible for collection of all taxes that are included on the tax list. Once collected, the County Auditor apportions the money and credits the appropriate fund or other taxing entity. The County Auditor shall remit all collections to the appropriate taxing entity by the 20th of the month following collection.

The table below shows the five-year history of the levies for an owner occupied dwelling in the county seat and largest populated city in the county.

Mill Rates or Dollars per Thousand of Value - 5 year History of the Owner Occupied Levy for the City of Rapid City - 4/D RC						
Levy Year	Taxable Percentage	County Consolidated	Rapid City Area School Dist	Water Dist	City of Rapid City	Total Mill Levy
2016	100%	4.804	8.255	0.029	3.201	16.289
2015	100%	4.822	8.891	0.030	3.278	17.021
2014	100%	4.879	9.217	0.030	3.321	17.447
2013	100%	5.210	9.361	0.031	3.361	17.963
2012	100%	5.210	8.947	0.030	3.344	17.531

Source: Pennington County's Tax Levies

The table below shows the five-year history of the levies for the County Consolidated Levy. This is the levy paid by all properties within the county.

Mill Rates or Dollars per Thousand of Value - County Consolidated Levy						
	Maximum Levy	2016	2015	2014	2013	2012
General Fund	12.000	4.083	4.078	4.094	4.542	4.569
County Fair	0.300	0.068	0.076	0.072	0.074	.078
Accumulated Building	0.900	0.653	0.668	0.709	0.594	.563
Snow Emergency Disaster	1.200	0.000	0.000	0.004	0.000	.000
Total Consolidated Levy	14.400	4.804	4.822	4.879	5.210	5.210

Source: Pennington County's Tax Levy Verification

The table below shows the rate of tax collection, indicating collections in the first year and to through, the date indicated.

	Collected in First Year			As of December 31, 2016		
Tax Year	Original Levied Dollars	Amount Collected	Percentage	Adjusted Levied Dollars	Amount Collected	Percentage
2015 pay 2016	30,210,642	30,063,822	99.52%	30,214,368	30,063,822	99.50%
2014 pay 2015	28,733,529	28,356,898	98.68%	28,776,164	28,738,189	99.87%
2013 pay 2014	30,373,339	30,321,894	99.83%	30,441,203	30,416,672	99.92%
2012 pay 2013	29,793,347	29,651,843	99.52%	29,779,943	29,770,598	99.99%
2011 pay 2012	27,738,694	27,547,060	99.30%	27,730,020	27,718,600	99.96%

Source: Pennington County Tax Account Record

Debt Limit

The total indebtedness of **Pennington County** may not exceed 5% of the actual assessed value of property within the county. The tables below reflect current indebtedness and debt ratio for Pennington County.

Total Values Including utilities	8,346,968,380
Percentage allowed by law	5.00%
Maximum debt limit	417,348,419
Less:	
Direct General Obligation Debt	0
Certificates of Participation	53,870,000
Lease Purchase Obligations	851,398
Available Margin	362,627,021

Debt Ratios			
	Amount	Per Capita (100,948)	% of Full & True Value (8,346,968,380)
Direct General Obligation Debt	$ 53,870,000	533.64	0.65%
Indirect General Obligation Debt	$ 74,828,732	741.26	0.90%

Indirect Debt for the other entities within Pennington County is shown in the following table.

Indirect Debt – General Obligation			
	% of Districts Taxable 2016 Value within Pennington County	Debt Outstanding 12/31/2016	Dollars Applicable to Pennington County
Pennington County	100.00%	53,870,000	53,870,000
Municipalities:			
Box Elder	77.62%	0	0
Hill City	100.00%	1,706,000	1,706,000
Keystone	100.00%	0	0
New Underwood	100.00%	0	0
Quinn	100.00%	0	0
Rapid City	100.00%	0	0
Wasta	100.00%	0	0
Wall	100.00%	0	0
School Districts:			
Custer	5.34%	12,020,000	638,262
Douglas	74.15%	0	0
Hill City	100.00%	4,445,000	4,445,000
New Underwood	99.64%	325,000	323,830
Rapid City	94.80%	71,430,000	67,715,640
Wall	99.98%	0	0

Source: Tax Levy Verification & Entity Bond Reporting

Basis of Accounting

All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Pennington County's records are maintained in accordance with GAAP.

Pennington County is required by state law to be audited annually by the Department of Legislative Audit. Audits have been completed through December 31, 2016. The data in the tables below reflect a 5-year history of revenues, expenditures and fund balances for Pennington County. Revenue figures do not include bond proceeds or other funding sources such as Operating Transfers In.

Pennington County Revenues - 5 year History					
Fund	2016	2015	2014	2013	2012
Accumulated Building - 233	6,222,265	6,196,391	5,127,551	5,150,602	4,552,995
Capital Projects - 301	1,030	257	497	16,030	38,112
County Fair - 212	567,685	508,739	506,174	514,844	489,807
County Fire - 211	234,920	238,644	319,933	279,216	687,671
Domestic Abuse - 229	43,382	45,205	42,003	42,009	44,030
Drug Seizure - 209	19	20,389	60,014	30,012	40,809
E911 Dispatch - 222	2,966,562	2,666,882	2,502,651	2,407,191	2,248,446
Emergency Management - 226	414,733	248,389	492,937	413,966	849,947
General - 101	51,049,621	47,457,519	48,422,518	48,925,161	45,137,206
Hazardous Materials - 227	5,133	6,550	9,258	5,760	8,980
Health Care Trust - 603	7,277,356	5,927,964	5,314,007	5,640,648	5,101,780
Library - 208	475,642	465,753	451,181	444,335	434,496
Modernization/Pres - 250	58,945	57,584	55,149	68,721	30,113
Road & Bridge - 201	9,423,496	9,551,634	8,702,717	7,717,890	7,950,858

Tax Increment Districts	22,325	59,915	83,456	94,608	70,091
Title 3 - 216	40,056	39,084	38,095	49	37,627
24/7 - 248	494,484	429,945	431,029	352,319	355,192
Total	79,297,657	73,920,844	72,559,170	72,103,361	68,078,160

Pennington County Expenditures 5 year History

Fund	2016	2015	2014	2013	2012
Accumulated Building - 233	11,891,952	5,029,909	7,978,806	5,960,801	4,488,491
Capital Projects - 301	3,322,097	4,324,516	8,981,607	9,564,819	8,214,128
County Fair - 212	516,953	506,061	506,510	505,919	602,192
County Fire - 211	358,057	263,766	246,997	198,734	918,892
Domestic Abuse - 229	43,568	45,000	41,999	41,997	44,004
Drug Seizure - 209	0	20,000	53,076	19,401	40,809
E911 Dispatch - 222	3,600,751	3,223,884	3,349,875	3,453,847	2,763,929
Emergency Management - 226	543,736	462,598	522,987	747,300	931,792
General - 101	81,306,995	49,148,015	46,845,639	45,082,024	43,487,842
Hazardous Materials - 227	7,039	11,623	5,854	3,755	11,442
Health Care Trust - 603	6,743,338	5,518,836	4,794,039	5,326,072	5,470,255
Library - 208	452,808	490,426	472,540	458,060	445,969
Modernization/Pres - 250	20,100	27,599	55639	34778	19,240
Road & Bridge - 201	8,693,869	8,882,400	10,356,382	10,559,409	8,560,228
Tax Increment Districts	23,130	59,110	83,486	94,608	70,091
Title 3 - 216	22,155	25,000	0	132,398	613,786
24/7 - 248	480,791	434,582	368,274	321,197	406,693
Total	118,027,339	78,473,325	84,663,710	82,505,119	77,089,783

Year End Fund Balances:

Fund	2016	2015	2014	2013	2012
Accumulated Building - 233	6,997,849	7,143,706	5,783,154	5,174,408	4,370,109
Capital Projects - 301	15,986,284	9,312,864	2,640,096	11,621,704	21,170,493
County Fair - 212	96,509	45,886	43,246	14,515	5,610
County Fire - 211	146,093	261,400	286,743	214,026	153,621
Domestic Abuse - 229	0	197	0	0	0
Drug Seizure - 209	17,895	17,895	17,520	10,599	0
E911 Dispatch - 222	199,763	201,648	223,201	637,118	641,115
Emergency Management - 226	99,794	107,665	256,687	215,478	485,692
General - 101	9,120,675	10,067,985	14,459,399	15,516,039	14,752,806
Hazardous Materials - 227	141	2,053	7,132	335	1,736
Health Care Trust - 603	1,740,433	1,206,415	797,288	276,340	77,956
Library - 208	77,416	54,672	79,393	100.810	114.665
Modernization/Pres - 250	112,851	74,135	44,211	44,734	10,848
Road & Bridge - 201	15,507.176	14.955,916	13.284,339	12,552.211	13.354.316
Tax Increment Districts	0	805	0	0	161,910
Title 3 - 216	99.355	81.571	67.556	29.512	
24/7 - 248	237.652	224,230	229,058	166,467	135,548
Total	50.439.886	43.759.043	38.219.023	46.574.296	55.436.425

Source: Pennington County's Audited Financials

Population and Area

The total land area of Pennington County is approximately 2.776 square miles. Population figures for Pennington County and Rapid City are given below:

Jurisdiction	1990 US Census	2000 US Census	2010 US Census	2016 Estimate
Pennington County	81,343	88,565	100,948	109,372
Rapid City	54,523	59,607	67,956	73,569

Income and Labor

Income and labor statistics are delineated in the tables below.

Income Statistics				
	Pennington County		State of South Dakota	
	2014	2015	2014	2015
Median Income Per Household	50,564	50,890	50,338	50,957
Average Earnings per job	37,678	38,636	38,869	Not available

Source: SD Dept of Labor-Labor Market Statistics & US Census Quick Facts

Labor Statistics 5 year History

Year	Pennington County Average Annual Civilian Labor Force	Average Unemployment for Pennington County	Average Unemployment for the State of South Dakota
2016	54,802	3.20%	3.20%
2015	54,346	3.59%	3.59%
2014	55,721	3.40%	3.40%
2013	55,055	3.80%	3.80%
2012	54,685	4.50%	4.40%

Source: SD Dept of Labor Market Statistics: dlr.sd.gov

The table below shows the employment for Pennington County in comparison to the State of South Dakota.

Employment by Industry				
	Pennington County		State of South Dakota	
	2014	2015**	2014	2015
Construction	4,510		21,261	22,201
Education/Health Services	10,404		63,120	63,950
Financial Activities	4,130		29,254	29,160
Government Entity	10,800		71,812	71,939
Information	928		6,056	5,884
Leisure/Hospitality	9,865		45,420	46,137
Manufacturing	2,955		42,389	42,592
Mining / Natural Resources	237		5,891	6,215
Other Services	2,309		10,610	10,712
Prof\ Business Services	5,123		30,246	30,672
Trade, Transportation & Utility	13,293		84,879	86,554

Source: SD Governor's Office of Economic Development www.sdreadytowork.com
**2015 employment for Pennington County is currently unavailable

The major employers are listed below:

Major Employers as of 2016		
Employer	**Product/Business**	**Number of Employees**
Black Hills Corp	Holdings Company	554
Pennington County	Government	730
SD National Guard	Government	1,013
Wal-Mart/Sam's Club	Retail/Wholesale	1,099
City of Rapid City	Government	1,244
State of South Dakota	Government	1,558
Rapid City School District	Education	1,684
Federal Government	Government	3,051
Regional Health (Hospital)	Health Care	3,281
Ellsworth Air Force Base	Military	4,503

Area Growth and Development

The real estate market in Pennington County is stable with modest growth. Construction of both residential homes and commercial properties is stable, and market demand for both is good. Rapid City is a trade center for the region and the focus of most of the growth and demand in Pennington County. However, demand for rural residential properties within a reasonable drive of Rapid City is also good, and construction of homes on these properties meets that demand. Nothing in the near future is known that would affect the present economy.

Building Permits 5 year History				
Year	**Residential Permits #**	**Value**	**Commercial Permits #**	**Value**
2016	1,854	82,502,551	1,444	237,551,818
2015	1,982	55,001,270	1,265	164,483,254
2014	4,001	76,429,087	1,456	138,495,577
2013	4,330	76,187,810	1,576	168,064,179
2012	1,027	91,563,445	646	121,629,062

Source: Rapid City Growth Management & Pennington County Planning Offices

Medical

Rapid City Regional Hospital (Regional Health) is one of Rapid City's largest employers and is the region's major medical referral center. Serving a population base of 320,000, Rapid City Regional Hospital provides advanced health care for Western South Dakota and parts of North Dakota, Montana, Wyoming and Nebraska. Existing services include Cardiovascular Surgery, Cancer Care services, Diagnostic Imaging, Mobile CT Scanning, Laser Surgery, Neonatal Intensive Care, Air Ambulance, Dialysis, Psychiatric and Chemical Dependency and Rehabilitation Programs. Other smaller, independent medical facilities in the area include the Black Hills Surgery Center, Black Hills Orthopedic & Spine Center, Setliff Sinus Institute, Black Hills Eye Institute and the Community Care Center.

In addition, there are 19 long-term care and assisted living facilities in the area that have approximately 867 beds.

Banking

Banking and financial institutions are available to area residents in Rapid City. Major banking institutions are Wells Fargo, First Western Bank, US Bank National Association and Pioneer Bank and Trust. There are also several smaller banks and many Credit Unions serving the County. Year ending bank deposits are listed below for major institutions in Pennington County.

Banking					
Bank	**2015**	**2014**	**2013**	**2012**	**2011**
First Interstate Bank	303,894	301,420	283,885	168,456	264,502
Great Western Bank	199,674	200,929	219,619	235,771	242,224
Pioneer Bank & Trust	249,710	251,130	241,656	212,894	186,428
US Bank	418,023	380,889	357,930	338,878	306,416
Wells Fargo	561,933	433,186	456,737	436,476	402,792

Deposits listed in Millions. Source: FDIC Financial Reports

Education

The largest K-12 district in the County is Rapid City School District that operates 16 Elementary Schools, 5 Middle Schools and 3 Senior High Schools. Statistics for the 2016/2017 school year are provided. Pennington County also has five other school districts serving area residents.

Education 2016		
School System	**Number of Students**	**Certified Staff**
Custer School District	893	72.5
Douglas School District	2,788	209
Hill City School District	499	45
New Underwood School District	235	20
Rapid City School District	13,656	1,000
Wall School District	245	25

Source: Local School Districts

Private and parochial education is also available at 10 schools.

Black Hills Children's Home (Special Education)
Calvary Christian School
Children's House Montessori School
Memorial Christian School
Rapid City Christian School
Rapid City Adventist Elementary School
St Elizabeth Seton School
St Paul's Lutheran School
St. Thomas More High School
Zion Lutheran School

Post-secondary education is available at the following schools:

Black Hills Beauty College
Black Hills Indian Bible College
Career Learning Center
Embry-Riddle Aeronautical University
Headlines Academy, Inc.
New Horizons
Oglala Lakota College
National American University
South Dakota School of Mines and Technology
SDSU College of Nursing
USD Department of Nursing
University Center – Rapid City (Includes five South Dakota Universities)
West River Graduate Center
Western Dakota Vocational Technical School

APPENDIX C –
AUDITED FINANCIALS FOR 2015

PENNINGTON COUNTY, SOUTH DAKOTA

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PENNINGTON COUNTY

AUDIT REPORT

For the Year Ended December 31, 2015

PENNINGTON COUNTY
COUNTY OFFICIALS
December 31, 2015

Board of Commissioners:
Ron Buskerud
Nancy Trautman
Lyndell Petersen
Deb Hadcock
George Ferebee

Auditor:
Julie A. Pearson

Treasurer:
Janet Sayler

State's Attorney:
Mark Vargo

Register of Deeds:
Donna Mayer

Sheriff:
Kevin Thom

PENNINGTON COUNTY
TABLE OF CONTENTS

Fiduciary Funds

As of December 31, 2015:

427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605)773-3595

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

County Commission
Pennington County
Rapid City, South Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pennington County, South Dakota (County), as of December 31, 2015, and for the year then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 19, 2016. Our report includes a reference to other auditors who audited the financial statements of Pennington County Housing and Redevelopment Commission, a discretely presented component unit of the County, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

Martin L. Guindon, CPA
Auditor General

July 19, 2016

427 SOUTH CHAPELLE
C/O 500 EAST CAPITOL
PIERRE SD 57501-5070
(605)773-3595

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

County Commission
Pennington County
Rapid City, South Dakota

Report on Compliance for Each Major Federal Program

We have audited Pennington County, South Dakota (County), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

The County's basic financial statements include the operations of the Pennington County Housing and Redevelopment Commission, a discretely presented component unit of the County, which expended $9,591,376 in federal awards which is not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2015. Our audit, described above, did not include the operations of the Pennington County Housing and Redevelopment Commission because the Pennington County Housing and Redevelopment Commission engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Pennington County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report and our report on compliance for each major federal program are matters of public record and their distribution is not limited.

Martin L. Guindon

Martin L. Guindon, CPA
Auditor General

July 19, 2016

PENNINGTON COUNTY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Federal Audit Findings:

The prior audit report contained no written audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Summary of the Independent Auditor's Results:

Financial Statements

a. An unmodified opinion was issued on the financial statements of each opinion unit.

b. No material weaknesses or significant deficiencies were disclosed by our audit of the financial statements.

c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.

e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).

g. The federal awards tested as major programs were:

1. Forest Service Schools and Roads Cluster
2. Minimum Penalties for Repeat Offenders for Driving While Intoxicated CFDA # 20.608

h. The dollar threshold used to distinguish between Type A and Type B federal award programs was $750,000.

i. Pennington County did qualify as a low-risk auditee.

Current Federal Audit Findings:

There are no written current federal compliance audit findings to report.

Current Other Audit Findings:

There are no written current other audit findings to report.

427 SOUTH CHAPELLE
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PIERRE SD 57501-5070
(605)773-3595

MARTIN L. GUINDON, CPA
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

County Commission
Pennington County
Rapid City, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pennington County, South Dakota (County), as of December 31, 2015, and for the year then ended, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Pennington County Housing and Redevelopment Commission, which represent 100 percent of the assets, liabilities, net position, expenses, and revenues of the discretely presented component unit of the County. Those statements were audited by the other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Pennington County Housing and Redevelopment Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditor's, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Pennington County as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of Funding Progress - Healthcare Plan, Schedule of the County Contributions, and the Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) on pages 48 through 57, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated July 19, 2016 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Martin L. Guindon, CPA
Auditor General

July 19, 2016

PENNINGTON COUNTY
STATEMENT OF NET POSITION
December 31, 2015

	Primary Government Governmental Activities	Component Unit
ASSETS:		
Cash and Cash Equivalents	$ 30,508,196.98	$ 2,480,935.00
Investments	11,901,944.36	98,352.00
Accounts Receivable, Net	7,859,466.15	61,218.00
Inventories	1,313,642.11	32,677.00
Other Assets	521,482.22	70,835.00
Restricted Assets:		
Investments		7,467,081.00
Net Pension Asset	7,627,400.19	
Capital Assets:		
Land, Improvements and Construction in Progress	7,323,929.00	1,979,446.00
Other Capital Assets, Net of Depreciation	137,218,003.82	10,456,249.00
TOTAL ASSETS	$ 204,274,064.83	$ 22,646,793.00
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Related Deferred Outflows	$ 13,423,080.30	$
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 13,423,080.30	$ 0.00
LIABILITIES:		
Accounts Payable	$ 3,049,637.42	$ 248,178.00
Other Current Liabilities	277,748.19	208,118.00
Unearned Revenue	4,995,713.02	25,123.00
Noncurrent Liabilities:		
Due Within One Year	5,676,315.80	189,496.00
Due in More than One Year	58,254,396.80	4,235,314.00
TOTAL LIABILITIES	$ 72,253,811.23	$ 4,906,229.00
DEFERRED INFLOWS OF RESOURCES:		
Pension Related Deferred Inflows	$ 11,254,374.90	$
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 11,254,374.90	$ 0.00

PENNINGTON COUNTY
STATEMENT OF NET POSITION
December 31, 2015
(Continued)

	Primary Government	
	Governmental Activities	Component Unit
NET POSITION: (See Note 10)		
Net Investment in Capital Assets	$ 95,286,196.50	$ 8,252,363.00
Restricted For:		
Road and Bridge Purposes	3,014,844.38	
SDRS Pension Purposes	9,796,105.59	
Accumulated Building Purposes	6,568,913.97	
Other Purposes	1,268,622.79	393,234.00
Unrestricted	18,254,275.77	9,094,967.00
TOTAL NET POSITION	$ 134,188,959.00	$ 17,740,564.00

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position	
					Primary Government	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Component Unit**
Primary Government:						
Governmental Activities:						
General Government	$ 17,576,136.75	$ 2,590,126.16	$ 625,719.00	$	$ (14,360,291.59)	$
Public Safety	32,968,558.75	13,453,751.31	2,457,049.66		(17,057,757.78)	
Public Works	4,508,235.71	114,481.95	7,592,501.70		3,198,747.94	
Health and Welfare	2,511,121.77	344,738.31	70,000.00		(2,096,383.46)	
Culture and Recreation	747,678.97				(747,678.97)	
Conservation of Natural Resources	654,515.80	270,875.93	163,378.88		(220,260.99)	
Urban and Economic Development	663,051.48	144,753.45	95,571.47		(422,726.56)	
*Interest on Long-Term Debt	3,028,911.08				(3,028,911.08)	
Total Primary Government	$ 62,658,210.31	$ 16,918,727.11	$ 11,004,220.71	$ 0.00	(34,735,262.49)	
Component Unit:						
Pennington County Housing	$ 12,151,615.00	$ 2,471,198.00	$ 8,861,696.00	$ 729,680.00		(89,041.00)
General Revenues:						
Taxes:						
Property Taxes					36,856,024.02	
State Shared Revenues					907,733.35	
Grants and Contributions not Restricted to Specific Programs					2,275,699.96	
Unrestricted Investment Earnings					26,174.40	677,500.00
Miscellaneous Revenue					445,311.52	173,447.00
Total General Revenues					40,510,943.25	850,947.00
Change in Net Position					5,775,680.76	761,906.00
Net Position - Beginning					119,784,025.43	16,978,658.00
Adjustments:						
GASB 68 Pension Reporting (See Note 12)					8,629,252.81	
Adjusted Net Position - Beginning					128,413,278.24	16,978,658.00
NET POSITION - ENDING					$ 134,188,959.00	$ 17,740,564.00

* The County does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term debt.

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015

	General Fund	Road and Bridge Fund	Accumulated Building Fund	Courthouse Complex Expansion Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and Cash Equivalents	$ 6,690,622.44	$ 13,166,262.21	$ 7,108,029.83	$ 1,000,000.00	$ 990,539.18	$ 28,955,453.66
Investments	3,589,080.25			8,312,864.11		11,901,944.36
Taxes Receivable--Delinquent	206,085.11	29,233.72	31,220.24		12,671.37	279,210.44
Accounts Receivable, Net	225,176.53	5,177.14			120.00	230,473.67
Due from Other Government	1,803,601.37	736,371.13	4,550,971.85		228,763.36	7,319,707.71
Inventory of Supplies		1,313,642.11				1,313,642.11
Deposits	521,482.22					521,482.22
TOTAL ASSETS	$ 13,036,047.92	$ 15,250,686.31	$ 11,690,221.92	$ 9,312,864.11	$ 1,232,093.91	$ 50,521,914.17
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities:						
Accounts Payable	$ 1,186,908.85	$ 265,536.24	$ 36,677.19	$	$ 126,139.02	$ 1,615,261.30
Accrued Wages Payable	1,057,973.90					1,057,973.90
Unearned Revenue	517,094.74		4,478,618.28			4,995,713.02
Total Liabilities	2,761,977.49	265,536.24	4,515,295.47	0.00	126,139.02	7,668,948.22
Deferred Inflows of Resources:						
Unavailable Revenue--Property Taxes	206,085.11	29,233.72	31,220.24		12,671.37	279,210.44
Fund Balances: (See Note 1.m.)						
Nonspendable	521,482.22	1,313,642.11				1,835,124.33
Restricted		1,902,555.36	6,787,876.07	8,312,864.11	783,970.32	17,787,265.86
Assigned	7,098,024.00	11,739,718.88	355,830.14	1,000,000.00	309,313.20	20,502,886.22
Unassigned	2,448,479.10					2,448,479.10
Total Fund Balances	10,067,985.32	14,955,916.35	7,143,706.21	9,312,864.11	1,093,283.52	42,573,755.51
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 13,036,047.92	$ 15,250,686.31	$ 11,690,221.92	$ 9,312,864.11	$ 1,232,093.91	$ 50,521,914.17

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2015

Total Fund Balances - Governmental Funds	$ 42,573,755.51
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	144,541,932.82
Net pension asset reported in governmental activities is not available financial resource and therefore is not reported in the funds.	7,627,400.19
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	13,423,080.30
Long-term liabilities, including bonds payable and accrued leave payable are not due and payable in the current period and therefore are not reported in the funds.	(63,930,712.60)
Assets such as taxes receivable (delinquent) are not available to pay for current period expenditures and therefore are deferred in the funds.	279,210.44
Internal service funds are used by management to charge the costs of activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	1,206,415.43
Liabilities such as accrued interest payable are not reported as expenditures in the funds.	(277,748.19)
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	(11,254,374.90)
Net Position of Governmental Activities	$ 134,188,959.00

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	General Fund	Road and Bridge Fund	Accumulated Building Fund	Courthouse Complex Expansion Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes:						
General Property Taxes--Current	$ 28,599,182.81	$ 1,671,099.95	$ 4,952,816.31	$	$ 1,221,376.43	$ 36,444,475.50
General Property Taxes--Delinquent	109,018.46	12,858.43	13,175.76		6,480.92	141,533.57
Penalties and Interest	54,685.67	5,790.14	8,242.41		3,015.53	71,733.75
Telephone Tax (Outside)	5,172.03					5,172.03
Mobile Home Tax	68,541.45	7,515.81	11,464.04		3,498.25	91,019.55
Other Taxes	77,260.09	74.33	13,331.78		1,357.34	92,023.54
Licenses and Permits	178,444.99	140,451.42			32,550.00	351,446.41
Intergovernmental Revenue:						
Federal Grants	852,233.13		775,238.78		160,749.24	1,788,221.15
Federal Shared Revenue	98,823.59	275,385.82			39,015.10	413,224.51
Federal Payments in Lieu of Taxes	1,476,352.00					1,476,352.00
State Grants	267,400.00	461,740.81				729,140.81
State Shared Revenue:						
Bank Franchise	386,164.32					386,164.32
Motor Vehicle Licenses		5,383,883.20				5,383,883.20
Liquor Tax Reversion	802.16					802.16
State Highway Fund (former 10% game)		31,979.07				31,979.07
Court Appointed Attorney/Public Defender	135,773.89					135,773.89
Prorate License Fees		302,455.77				302,455.77
Abused and Neglected Child Defense	17,037.21					17,037.21
63 3/4% Mobile Home/Manufactured Home		56,878.42				56,878.42
Secondary Road Motor Vehicle Remittances		1,033,352.21				1,033,352.21
Telecommunications Gross Receipts Tax	520,766.87					520,766.87
Motor Vehicle 1/4%	29,285.47					29,285.47
Motor Fuel Tax		44,701.40				44,701.40
911 Remittances					1,236,276.17	1,236,276.17
Other State Shared Revenue					26,543.84	26,543.84
State Payments in Lieu of Taxes		19.79				19.79
Other Payments in Lieu of Taxes	20,230.15		3,503.48		355.76	24,089.39
Other Intergovernmental Revenue	191,312.89		410,412.42		87,035.62	688,760.93
Charges for Goods and Services:						
General Government:						
Treasurer's Fees	239,700.10					239,700.10

Register of Deeds' Fees	1,103,395.81				57,523.30	1,160,919.11
Legal Services	487,766.24				10,500.00	498,266.24
Clerk of Courts Fees	141,804.80					141,804.80
Other Fees	381,896.15					381,896.15
Public Safety:						
Law Enforcement	904,028.78					904,028.78
Prisoner Care	7,329,914.41					7,329,914.41
Sobriety Testing					429,754.76	429,754.76
Other	2,865,922.07				1,464,283.42	4,330,205.49
Public Works:						
Road Maintenance Contract Charges		109,593.83				109,593.83
Health and Welfare:						
Economic Assistance:						
Poor Lien Recoveries	261,967.81					261,967.81
Veterans Service Officer	4,687.50					4,687.50
Mental Health Services	78,083.00					78,083.00
Urban and Economic Development	50,116.86					50,116.86
Conservation of Natural Resources	132,439.97					132,439.97
Other Charges	42,349.01					42,349.01
Fines and Forfeits:						
Fines	7,440.99				2,147.00	9,587.99
Costs	7,432.07					7,432.07
Miscellaneous Revenue:						
Investment Earnings	5,820.93	10,981.28	8,206.47	257.41	908.31	26,174.40
Rent	1,200.00					1,200.00
Special Assessments	2,338.60					2,338.60
Contributions and Donations	281,000.00					281,000.00
Refund of Prior Year's Expenditures	20,362.80				17.01	20,379.81
Other	19,463.83	2,872.66			3,690.23	26,026.72
Total Revenues	47,457,618.91	9,551,634.34	6,196,391.45	257.41	4,787,078.23	67,992,980.34
Expenditures:						
General Government:						
Legislative:						
Board of County Commissioners	882,277.35					882,277.35
Elections	396,639.11					396,639.11
Judicial System	306,854.24					306,854.24
Financial Administration:						
Auditor	470,662.44					470,662.44
Treasurer	943,929.22					943,929.22
Legal Services:						
State's Attorney	2,770,613.57					2,770,613.57
Public Defender	2,292,549.27					2,292,549.27
Court Appointed Attorney	615,123.24					615,123.24
Abused and Neglected Child Defense	196,725.92					196,725.92
Other	662,491.95					662,491.95
Other Administration:						
General Government Building	3,917,875.65		779,380.02	69,825.27		4,767,080.94

PENNINGTON COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015
(Continued)

	General Fund	Road and Bridge Fund	Accumulated Building Fund	Courthouse Complex Expansion Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Director of Equalization	1,510,664.36					1,510,664.36
Register of Deeds	427,422.24				27,599.43	455,021.67
Predatory Animal	3,283.65					3,283.65
Geographic Information System	100,000.00					100,000.00
Information Technology	800,010.07					800,010.07
Human Resources	115,639.51					115,639.51
Public Safety:						
Law Enforcement:						
Sheriff	7,063,165.93					7,063,165.93
County Jail	12,011,202.53					12,011,202.53
Coroner	138,384.89					138,384.89
County-Wide Law Enforcement	996,436.45					996,436.45
Juvenile Detention	3,967,822.81					3,967,822.81
Other Law Enforcement	3,215,877.19				454,582.18	3,670,459.37
Protective and Emergency Services:						
Fire Protection					263,766.11	263,766.11
Emergency and Disaster Services	76,076.57				436,440.60	512,517.17
Flood Control	39,400.00					39,400.00
Communication Center					3,123,909.23	3,123,909.23
Public Works:						
Highways and Bridges:						
Highways, Roads and Bridges		1,538,418.23				1,538,418.23
Health and Welfare:						
Economic Assistance:						
Support of Poor	1,641,441.60					1,641,441.60
Public Welfare				823.10		823.10
Health Assistance:						
Health Services	195,848.00					195,848.00
Social Services:						
Domestic Abuse					45,000.00	45,000.00
Mental Health Services:						
Mentally Ill	640,540.90					640,540.90
Culture and Recreation:						
Culture:						
Public Library					490,426.00	490,426.00

Recreation:						
County Fair					180,791.00	180,791.00
Senior Center	19,446.00					19,446.00
Conservation of Natural Resources:						
Soil Conservation:						
County Extension	67,742.68					67,742.68
Soil Conservation Districts	59,889.00					59,889.00
Weed and Pest Control	289,160.49					289,160.49
Grasshopper and Pest Control	170,850.61				5,000.00	175,850.61
Water Conservation:						
Drainage Commissions		45,018.00				45,018.00
Urban and Economic Development:						
Urban Development:						
Planning and Zoning	364,153.86					364,153.86
Other	274,478.55					274,478.55
Economic Development:						
Other	35,000.00					35,000.00
Debt Service	740,997.94		4,250,529.34	142,800.00	464,379.34	5,598,706.62
Capital Outlay	727,337.19	7,298,964.18		4,111,067.74	77,754.62	12,215,123.73
Total Expenditures	49,148,014.98	8,882,400.41	5,029,909.36	4,324,516.11	5,569,648.51	72,954,489.37
Excess of Revenues Over (Under) Expenditures	(1,690,396.07)	669,233.93	1,166,482.09	(4,324,258.70)	(782,570.28)	(4,961,509.03)
Other Financing Sources (Uses):						
Transfers In	97,651.84	2,108,974.00		1,000,000.00	701,848.00	3,908,473.84
Transfers Out	(2,810,822.00)	(1,010,981.28)	(5,929.51)		(80,741.05)	(3,908,473.84)
General Long-Term Debt Issued				9,997,026.55		9,997,026.55
Insurance Proceeds	1,630.25	2,034.35				3,664.60
Sale of County Property	10,522.09	30,264.03	200,000.00			240,786.12
Total Other Financing Sources (Uses)	(2,701,017.82)	1,130,291.10	194,070.49	10,997,026.55	621,106.95	10,241,477.27
Net Change in Fund Balance	(4,391,413.89)	1,799,525.03	1,360,552.58	6,672,767.85	(161,463.33)	5,279,968.24
Change in Nonspendables:						
Change in Inventory		(127,947.37)				(127,947.37)
Fund Balance - Beginning	14,459,399.21	13,284,338.69	5,783,153.63	2,640,096.26	1,254,746.85	37,421,734.64
FUND BALANCE - ENDING	$ 10,067,985.32	$ 14,955,916.35	$ 7,143,706.21	$ 9,312,864.11	$ 1,093,283.52	$ 42,573,755.51

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds	$ 5,279,968.24
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of $12,215,123.73 were more (less) than depreciation $5,562,385.44 in the current period.	6,652,738.29
In the Statement of Activities, the loss on disposal of assets is reported, whereas in the governmental funds, the disposal of fixed assets is not reflected.	(85,632.62)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	2,847,543.73
The fund financial statement governmental fund property tax accruals differ from the government-wide statement property tax accruals in that the fund financial statements require the amounts to be "available."	10,066.08
Governmental funds reflect Inventory changes as Changes in Reserves to Fund Balance, but the Statement of Activities reflects the change through expenditures.	(127,947.37)
Governmental funds do not reflect the change in accrued leave, but the Statement of Activities reflects the change in accrued leave through expenditures.	(356,196.28)
Governmental funds do not reflect the change in accrued OPEB, but the Statement of Activities reflects the change in accrued OPEB through expenditures.	(18,091.25)
Proceeds of bond principal is a revenue in the Governmental Funds, but increases the long-term liabilities in the Statement of Net Position.	(9,725,000.00)
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	409,127.35
Record Accrued Interest Payable on Bonds and Lease	(277,748.19)
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	1,166,852.78
Change in Net Position of Governmental Activities	$ 5,775,680.76

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2015

		Internal Service Funds
		Health Care Trust
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$	1,552,743.32
Accounts Receivable, Net		30,074.33
TOTAL ASSETS	$	1,582,817.65
LIABILITIES:		
Current Liabilities:		
Accounts Payable	$	9,890.74
Incurred but Not Reported Claims		366,511.48
TOTAL LIABILITIES	$	376,402.22
NET POSITION:		
Unrestricted Net Position	$	1,206,415.43
TOTAL NET POSITION	$	1,206,415.43

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Internal Service Funds
	Health Care Trust
Operating Revenues:	
Charges for Goods and Services	$ 5,497,413.27
Stop Loss Insurance Claims and Rebates	430,072.69
Total Operating Revenues	5,927,485.96
Operating Expenses:	
Health and Dental Premiums	1,283,123.44
Other Current Expense	146,322.70
Claims Paid Gross	4,089,390.11
Total Operating Expenses	5,518,836.25
Operating Income (Loss)	408,649.71
Nonoperating Revenues (Expenses):	
Investment Earnings	477.64
Change in Net Position	409,127.35
Net Position - Beginning	797,288.08
NET POSITION - ENDING	$ 1,206,415.43

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2015

	Internal Service Funds
	Health Care Trust
Cash Flows from Operating Activities:	
Cash Receipts from Customers/Employees	$ 5,500,056.70
Stop Loss Insurance Claims and Rebate Receipts	464,861.83
Cash Payments to Administrator	(1,434,999.35)
Claims Paid	(4,242,091.86)
Net Cash Provided (Used) by Operating Activities	287,827.32
Cash Flows from Investing Activities:	
Interest Earnings	477.64
Net Increase (Decrease) in Cash and Cash Equivalents	288,304.96
Cash and Cash Equivalents at Beginning of Year	1,264,438.36
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,552,743.32
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income (Loss)	$ 408,649.71
Change in Assets and Liabilities:	
Receivables	37,432.57
Accounts and Other Payables	(158,254.96)
Net Cash Provided (Used) by Operating Activities	$ 287,827.32

The notes to the financial statements are an integral part of this statement.

PENNINGTON COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2015

	Agency Funds
ASSETS:	
Cash and Cash Equivalents	$ 5,201,907.76
TOTAL ASSETS	$ 5,201,907.76
LIABILITIES:	
Amounts Held for Others	$ 2,211,644.12
Due to Other Governments	2,990,263.64
TOTAL LIABILITIES	$ 5,201,907.76

The notes to the financial statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

The reporting entity of Pennington County (County), consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The County is financially accountable if its County Commission appoints a voting majority of another organization's governing body and it has the ability to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the County (primary government). The County may also be financially accountable for another organization if that organization is fiscally dependent on the County.

The Housing and Redevelopment Commission of Pennington County, South Dakota (Commission) is a proprietary fund-type, discretely-presented component unit. The five members of the Commission are appointed by the County Commission's Chairperson with the approval of the Board of County Commissioners for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The County Commission, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct a low-income housing unit, or to issue debt, which gives the County Commission the ability to impose its will on the Commission. The Commission's fiscal year end is March 31 of each year. The County has included the March 31, 2015 audit report's financial information, which is the most recent available, for the amounts it reports as a discretely presented component unit. No significant transactions between the County and the Commission have occurred. Separately issued financial statements of the Commission may be obtained from: 1804 West Fulton Street, Rapid City, SD 57702-4358.

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental activities and discretely presented component units. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Discretely presented component units are legally separate organizations that meet certain criteria, as described in Note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a., above.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients

of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the County financial reporting entity are described below:

Governmental Funds:

<u>General Fund</u> – *The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund.*

<u>Special Revenue Funds</u> – *Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes.*

Road and Bridge Fund – to account for funds credited to the road and bridge fund pursuant to SDCL 32-11-4.2 to be used by the board of county commissioners for grading, constructing, planing, dragging, and maintaining county highways and also for dragging, maintaining, and grading secondary roads. Proper equipment for dragging, grading, and maintaining highways, such as graders, tractors, drags, maintainers, and planers may be purchased from the road and bridge fund. (SDCL 32-11-2 and 32-11-4.2) This is a major fund.

Accumulated Building Fund – authorized by SDCL 7-25-1 to account for the accumulation of a special tax levy not to exceed ninety cents per thousand dollars of taxable valuation annually for the acquisition or construction of a courthouse, office, jail building, county extension buildings, grandstands and bleachers, highway maintenance buildings, or public library. This is a major fund.

The remaining special revenue funds are not considered major funds: Drug Seizure, 911 Service, County Fire Administration, Title III, Emergency Management, Hazardous Materials, Domestic Abuse, Library, County Fair, 24/7 Sobriety, and Modernization and

Preservation Relief. These funds are reported on the fund financial statements as "Other Governmental Funds."

Debt Service Funds – Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

TIF #3 Debt Service Fund – to account for property taxes which may be used only for the payment of the debt principal, interest, and related costs. This is not major funds.

Capital Projects Funds – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds for individuals, private organizations, or other governments).

Courthouse Complex Expansion Capital Projects Fund – to account for financial resources to be used for the construction of courthouse remodel, highway shop, and other projects outlined in the master plan. This is a major fund.

Proprietary Funds:

Internal Service Funds – Internal service funds may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. The particular type of goods or services provided to other funds is for employee health care. The Health Care Trust Fund is the only internal service fund maintained by the County.

Fiduciary Funds:

Fiduciary funds consist of the following sub-category and are never considered to be major funds:

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are used to account for the accumulation and distribution of property tax revenues and various pass-through funds.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, both governmental and component unit activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental fund types, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary fund types.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental and component unit activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period for the County is 30 days. The revenues which are accrued at December 31, 2015 are federal grants, state shared revenues, and various charges for goods and services.

Under the modified accrual basis of accounting, receivables may be measurable but not available. Reported unearned revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary and fiduciary fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Interfund Eliminations and Reclassifications:

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

> In order to minimize the doubling-up effect of internal service fund activity, certain "centralized expenses" including an administrative overhead component, are charged as direct expenses to funds or programs in order to show all expenses that are associated with a service, program, department, or fund. When expenses are charged, in this manner, expense reductions occur in the Health Care Trust Fund, so that expenses are reported only by the function to which they relate.

e. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist primarily of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by SDCL 4-5-6.

f. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. *Infrastructure assets* are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

Capital assets are recorded at historical cost, or estimated cost, where actual cost could not be determined. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2015 balance of government-type activities capital assets are all valued at original cost.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 1980, were not required to be capitalized by the County. Infrastructure assets acquired since January 1, 1980 are recorded at cost, and classified as "Improvements Other than Buildings."

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on the proprietary fund's Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide financial statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land and Land Rights	all capitalized	-------N/A------	-------N/A------
Improvements Other Than Buildings	$ 50,000	Straight-line	99 years
Buildings	$ 50,000	Straight-line	10-100 years
Machinery and Equipment	$ 5,000	Straight-line	5-15 years
Infrastructure	$ 50,000	Straight-line	20-40 years

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as expenditures of the appropriate governmental fund upon acquisition.

g. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of certificates of participation, revenue bonds, financing (capital acquisition) leases, accrued OPEB liability, and compensated absences.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due.

h. Program Revenues:

Program revenues derive directly from the program itself or from parties other than the County's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

i. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

j. Cash and Cash Equivalents:

The County pools the cash resources of its funds for cash management purposes. The Health Care Trust Fund essentially has access to the entire amount of its cash resources on demand. Accordingly, the Health Care Trust Fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

k. Equity Classifications:

Government-wide Financial Statements:

Equity is classified as Net Position and is displayed in three components:

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable), and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.

3. Unrestricted Net Position – All other net position that do not meet the definition of "Restricted" or "Net Investment in Capital Assets."

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned", and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements. Agency Funds have no fund equity.

l. Application of Net Position:

It is the County's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

m. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the County classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the County Commissioners.

- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Nonspendable Fund Balance is comprised of the following:

- Amount reported in nonspendable form such as inventory of $1,313,642.11.
- Amount legally or contractually required to be maintained intact such as SDPAA deposit balance of $521,482.22.

The County uses *restricted/committed* amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use *committed, then assigned, and lastly unassigned amounts* of unrestricted fund balance when expenditures are made.

The County *does not* have a formal minimum fund balance policy.

The purpose of each major special revenue fund and revenue source is listed below:

Major Special Revenue Fund	**Revenue Source**
Road and Bridge Fund	Motor Vehicle Fees and Taxes
Accumulated Building Fund	Taxes and Intergovernmental Revenues

A schedule of fund balances is provided as follows:

PENNINGTON COUNTY
DISCLOSURE OF FUND BALANCES REPORTED ON BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	General Fund	Road and Bridge Fund	Accumulated Building Fund	Courthouse Complex Expansion Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:						
Nonspendable:						
Inventory	$	$ 1,313,642.11	$	$	$	$ 1,313,642.11
South Dakota Public Assurance Alliance	521,482.22					521,482.22
Restricted For:						
Road and Bridge Purposes		1,121,076.35				1,121,076.35
Snow Removal Purposes		327,383.09				327,383.09
Secondary Road Purposes		454,095.92				454,095.92
Accumulated Building Purposes			6,787,876.07			6,987,876.07
Courthouse Building Purposes				8,312,864.11		8,312,864.11
Tax Increment Purposes					805.28	805.28
Library Purposes					54,672.40	54,672.40
Drug Seizure Purposes					17,894.63	17,894.63
County Fire Purposes					261,400.36	261,400.36
County Fair Purposes					45,886.23	45,886.23
Title III Purposes					81,571.46	81,571.46
Pandemic Flu Purposes					21,124.25	21,124.25
Hazardous Materials Purposes					2,053.27	2,053.27
Domestic Abuse Purposes					197.00	197.00
24/7 Sobriety Purposes					224,230.34	224,230.34
Modernization and Preservation Relief Purposes					74,135.10	74,135.10
Assigned To:						
Applied to Next Year's Budget	6,713,024.00					6,713,024.00
Catastrophic Health Care Purposes	150,000.00					150,000.00
Technology Equipment Purposes	60,000.00					60,000.00
Transport/Inmate Bus Purposes	100,000.00					100,000.00
Election Equipment Purposes	75,000.00					75,000.00
Road and Bridge Purposes		11,547,633.57				11,547,633.57
Drainage Purposes		192,085.31				192,085.31
Accumulated Building Purposes			355,830.14			155,830.14
911 Service Purposes					201,647.77	201,647.77
Emergency Management Purposes					107,665.43	107,665.43
Capital Project Purposes				1,000,000.00		1,000,000.00
Unassigned	2,448,479.10					2,448,479.10
Total Fund Balances	$ 10,067,985.32	$ 14,955,916.35	$ 7,143,706.21	$ 9,312,864.11	$ 1,093,283.52	$ 42,573,755.51

2. DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

The County follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits – The County's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 7-20-1, 7-20-1.1, and 7-20-1.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by federal home loan banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments – In general, SDCL 4-5-6 permits County funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Credit Risk – State law limits eligible investments for the County, as discussed above. The County has no investment policy that would further limit its investment choices.

As of December 31, 2015, the County had the following investments.

Investment	Credit Rating	Maturities	Fair Value
Government National Mortgage Association	AAA	2028	$ 10,775.07
Mutual Funds:			
US Government Money Market Fund	AAm		34,261.95
First American Government Obligation Fund	AAm		8,312,864.11
TOTAL INVESTMENTS			$ 8,357,901.13

Concentration of Credit Risk – The County places no limit on the amount that may be invested in any one issuer. More than 5 percent of the County's investments are in First American Government Obligation Fund at 99.46%.

Interest Rate Risk – The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Type	Fair Value	Greater than 10 years
GNMA		$ 10,775.07
Other Investments:		
Mutual Funds	8,347,126.06	
Total	$ 8,357,901.13	

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The County's policy is to credit all income from deposits and investments to the General Fund, except for the 911 Service Fund, which retains its investment income. USGAAP, on the other hand, requires income from deposits and investments to be reported in the fund whose assets generated that income. Where the governing board has discretion to credit investment income to a fund other than the fund that provided the resources for investment, a transfer to the designated fund is reported. Accordingly, in the fund financial statements, interfund transfers of investment earnings are reported, while in the government-wide financial statements, they have been eliminated.

3. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The County expects all receivables to be collected within one year.

4. INVENTORY

Inventory in the Road and Bridge Fund consists of expendable supplies held for consumption. Supply inventories are recorded at average cost.

Government-wide Financial Statements:

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase, and charged to expense as it is consumed.

Fund Financial Statements:

In the fund financial statements, purchases of supply inventory items are recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

5. PROPERTY TAXES

Property taxes are levied on or before October 1, of the year preceding the start of the fiscal year. They attach as an enforceable lien on property, and become due and payable as of the following January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal year.

The County is permitted by several state statutes to levy varying amounts of taxes per $1,000 of taxable valuation on taxable real property in the County.

6. CHANGES IN GENERAL CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2015 is as follows:

	Balance 01/01/2015	Increases	Decreases	Balance 12/31/2015
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	$ 3,484,638.00	$ 409,706.00	$ (34,915.00)	$ 3,859,429.00
Construction in Progress		3,464,500.00		3,464,500.00
Total Capital Assets not being Depreciated	3,484,638.00	3,874,206.00	(34,915.00)	7,323,929.00
Capital Assets being Depreciated:				
Infrastructure (Improvements Other Than Buildings)	81,438,482.72	6,825,226.25	(873,622.97)	87,390,086.00
Buildings	100,322,000.00	236,861.74	(119,510.00)	100,439,351.74
Machinery and Equipment	25,381,516.60	1,307,896.73	(899,542.00)	25,789,871.33
Total Capital Assets being Depreciated	207,141,999.32	8,369,984.72	(1,892,674.97)	213,619,309.07
TOTAL CAPITAL ASSETS	$ 210,626,637.32	$ 12,244,190.72	$ (1,927,589.97)	$ 220,943,238.07
Less Accumulated Depreciation for:				
Infrastructure (Improvements Other Than Buildings)	$ (39,004,952.70)	$ (1,998,959.00)	$ 922,070.26	$ (40,081,841.44)
Buildings	(21,506,046.24)	(1,636,585.80)	36,450.59	(23,106,181.45)
Machinery and Equipment	(12,140,811.23)	(1,926,840.64)	854,369.51	(13,213,282.36)
Total Accumulated Depreciation	(72,651,810.17)	(5,562,385.44)	1,812,890.36	(76,401,305.25)
Total Capital Assets being Depreciated, Net	134,490,189.15	2,807,599.28	(79,784.61)	137,218,003.82
Governmental Activity Capital Assets, Net	$ 137,974,827.15	$ 6,681,805.28	$ (114,699.61)	$ 144,541,932.82

Depreciation expense was charged to functions as follows:

General Government	$ 618,971.66
Public Safety	1,912,869.04
Public Works	2,928,657.51
Health and Welfare	16,087.44
Culture and Recreation	58,691.94
Conservation of Natural Resources	21,525.87
Urban and Economic Development	5,581.98
Total Depreciation Expense-Governmental Activities	$ 5,562,385.44

Construction Work in Progress at December 31, 2015 is composed of $3,464,500.00 for the purchase of the National American University (NAU) Administration Building. The 2010 Facilities Master Plan identified facility needs for many Pennington County departments and programs. When the opportunity to purchase the former NAU Administration Building was presented, early assessment work indicated that it had the potential to meet the needs of Health & Human Services, City/County Drug & Alcohol Programs, Detox and the 24/7 Program. The A/E team has now completed detailed assessment and documentation work, and expectations for meeting these needs remain the same. Design work is just getting underway, the project should be bid and under construction later in 2016.

7. CHANGES IN COMPONENT UNIT FIXED ASSETS

A summary of changes in component unit fixed assets for the year ended March 31, 2015 is as follows:

	Balance 3/31/2014	Additions	Deletions	Balance 3/31/2015
Land	$ 1,979,446.00	$	$	$ 1,979,446.00
Buildings	33,874,760.00	737,363.00	(4,035.00)	34,608,088.00
Furniture, Equipment and Machinery	3,550,270.00	33,756.00	(20,357.00)	3,563,669.00
Site Improvements	3,850,261.00	2,005.00		3,852,266.00
TOTAL	$ 43,254,737.00	$ 773,124.00	$ (24,392.00)	$ 44,003,469.00

A summary of changes in component unit accumulated depreciation for the year ended March 31, 2015 is as follows:

	Balance 3/31/2014	Additions	Deletions	Balance 3/31/2015
Buildings	$ 24,830,137.00	$ 1,036,316.00	$ (1,536.00)	$ 25,864,917.00
Furniture, Equipment and Machinery	2,365,288.00	187,093.00	(19,459.00)	2,532,922.00
Site Improvements	3,052,354.00	117,581.00		3,169,935.00
TOTAL	$ 30,247,779.00	$ 1,340,990.00	$ (20,995.00)	$ 31,567,774.00

8. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Long-Term Liabilities 01/01/2015	Additions	Deletions	Ending Balance 12/31/2015	Due Within One Year
Primary Government:					
Governmental Activities:					
Certificates of Participation:					
2015 Series A Matures 12/1/2035	$	$ 9,725,000.00	$	$ 9,725,000.00	$ 375,000.00
2014 Series A Matures 12/01/2023	3,430,000.00		(60,000.00)	3,370,000.00	60,000.00
2011 Series A Matures 12/01/2023	6,945,000.00		(700,000.00)	6,245,000.00	715,000.00
2010 Series A Matures 12/01/2040	7,930,000.00			7,930,000.00	0.00
2010 Series B Matures 6/01/2037	27,435,000.00			27,435,000.00	5,000.00
2010 Series C Matures 12/01/2016	1,235,000.00		(615,000.00)	620,000.00	620,000.00
2009 COP Event Center 12/01/2017	935,000.00		(300,000.00)	635,000.00	315,000.00
2008A Series Matures 12/01/2016	740,000.00		(365,000.00)	375,000.00	375,000.00
Honeywell Lease Matures 7/11/2016	896,251.00		(438,090.57)	458,160.43	458,160.43
Motorola Lease Matures 3/01/2018	1,025,426.00		(249,986.00)	775,440.00	254,186.00
Motorola Lease Matures 8/01/2018	554,089.00		(65,261.24)	488,827.76	158,684.08
Tax Increment Financing 5/20/2016	76,421.88		(54,205.92)	22,215.96	22,215.96
Total Debt	51,202,187.88	9,725,000.00	(2,847,543.73)	58,079,644.15	3,358,246.47
Accrued Leave Liability at 12/31/2015	3,484,210.17	2,674,286.71	(2,138,090.43)	3,840,406.45	2,318,069.33
Accrued OPEB Liability at 12/31/2015	1,992,570.75	18,091.25		2,010,662.00	0.00
TOTAL PRIMARY GOVERNMENT	$ 56,678,968.80	$ 12,417,377.96	$ (4,985,634.16)	$ 63,930,712.60	$ 5,676,315.80
Component Unit	$ 4,338,731.00	$ 0.00	$ (155,399.00)	$ 4,183,332.00	$ 176,926.00

In prior years the County defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly the trust account assets and the liability for the defeased bonds are not included in the County's financial statements. On December 31, 2015, the County had $3,219,088.27 on deposit with the escrow agent in this irrevocable trust to retire $3,105,000.00 of bonds still outstanding which are now considered defeased.

Debt payable at December 31, 2015 is comprised of the following:

Certificates of Participation:

2015 Series A Certificates of Participation – Interest Rates from .50 percent to 3.5 percent – Maturing 12/1/35 – Payable from Accumulated Building Fund	$ 9,725,000.00
2014 Series A Refunding Certificates of Participation – Interest Rates from .55 percent to 2.4 percent – Maturing 12/1/23 – Payable from Accumulated Building Fund	$ 3,370,000.00
2011 Series A Refunding Certificates of Participation – Interest Rates from .55 percent to 3.1 percent – Maturing 12/1/23 – Payable from Accumulated Building Fund	$ 6,245,000.00
2010 Series A Recover Zone – Interest Rates 7.3 percent – Maturing 12/1/40 – Payable from Accumulated Building Fund	$ 7,930,000.00
2010 Series B Build America Bond – Interest Rates from 3.0 percent to 7.2 percent – Maturing 6/1/37 – Payable from Accumulated Building Fund	$ 27,435,000.00
2010 Series C Certificates of Participation – Interest Rates from 1.0 percent to 2.5 percent – Maturing 12/1/16 – Payable from Accumulated Building Fund	$ 620,000.00
2009 COP Series Event Center – Interest Rates from 1 percent to 3 percent – Maturing 12/1/17 – Payable from County Fair Fund	$ 635,000.00
2008 Series A Certificates of Participation – Interest Rates from 2.8 percent to 4.4 percent – Maturing 12/1/23 – Payable from Accumulated Building Fund	$ 375,000.00

Installment Contracts:

Honeywell Lease – 4.53 Percent Interest, Final Maturity 7/11/16 – Payment made from County General Fund	$ 458,160.43
Motorola Lease – 1.68 Percent Interest, Final Maturity 3/1/18 – Payment made from Accumulated Building Fund	$ 775,440.00
Motorola Lease – 2.66 Percent Interest, Final Maturity 8/1/18 – Payment made from Accumulated Building Fund	$ 488,827.76

Tax Increment Financing:

2009 Tax Increment Financing Bank Loan – Interest Rate of 8.5 percent – Final Maturity 5/20/16 – Payments to be made from TID #3 Fund	$ 22,215.96

Compensated Absences:

Accrued Leave Liability at December 31, 2015 – Payment will be made by the fund that the payroll expenditures are charged to.	$ 3,840,406.45

Accrued OPEB Liability at December 31, 2015 $ 2,010,662.00

The annual requirements to amortize all debt outstanding as of December 31, 2015, except for compensated absences and OPEB liability, are as follows:

Annual Requirements to Amortize Long-Term Debt
December 31, 2015

Year Ending Dec. 31,	Tax Incremental Financing Principal	Tax Incremental Financing Interest	Certificates of Participation Principal	Certificates of Participation Interest
2016	$ 22,215.96	$ 1,026.94	$ 2,465,000.00	$ 2,799,403.08
2017			2,550,000.00	2,714,257.50
2018			2,600,000.00	2,658,440.00
2019			2,655,000.00	2,594,812.50
2020			2,720,000.00	2,521,240.00
2021-2025			11,980,000.00	11,182,011.25
2026-2030			9,590,000.00	8,741,756.25
2031-2035			11,225,000.00	5,801,510.00
2036-2040			10,550,000.00	2,181,127.50
TOTAL	$ 22,215.96	$ 1,026.94	$ 56,335,000.00	$ 41,194,558.08

Year Ending Dec. 31,	Installment Contracts Principal	Installment Contracts Interest	Total Principal	Total Interest
2016	$ 871,030.51	$ 41,654.31	$ 3,358,246.47	$ 2,842,084.33
2017	421,361.14	17,538.88	2,971,361.14	2,731,796.38
2018	430,036.54	8,863.55	3,030,036.54	2,667,303.55
2019			2,655,000.00	2,594,812.50
2020			2,720,000.00	2,521,240.00
2021-2025			11,980,000.00	11,182,011.25
2026-2030			9,590,000.00	8,741,756.25
2031-2035			11,225,000.00	5,801,510.00
2036-2040			10,550,000.00	2,181,127.50
TOTAL	$ 1,722,428.19	$ 68,056.74	$ 58,079,644.15	$ 41,263,641.76

9. CONDUIT DEBT

In the past, the County has issued revenue bonds to provide financial assistance to certain private-sector entities for the acquisition and/or construction of facilities deemed to be in the public interest. These bonds are secured by the property being financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities is retained by the private-sector entity served by the bond issuance. Neither the County, the State of South Dakota, nor any other political subdivision of the State is obligated in any manner for the repayment of these conduit debt issues. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2015, there were two.

Entity	Balance 12/31/2015
Black Hills Works	$ 774,030.62
United Blood Services	23,620,000.00
Total	$ 24,394,030.62

10. RESTRICTED NET POSITION

Restricted Net Position for the year ended December 31, 2015, was as follows:

Major Purposes:		
Road and Bridge Purposes	$ 3,014,844.38	
Accumulated Building Purposes	6,568,913.97	
SDRS Pension Purposes	9,796,105.59	
Other Purposes:		
Tax Increment Purposes	1,314.46	
Library Purposes	60,374.53	
Drug Seizure Purposes	17,894.63	
County Fire Purposes	213,135.00	
County Fair Purposes	47,688.04	
Title III National Forest Purposes	81,571.46	
Pandemic Flu Purposes	21,124.25	
Hazardous Materials Purposes	2,053.27	
Domestic Abuse Purposes	197.00	
24/7 Sobriety Purposes	227,652.83	
Modernization and Preservation Relief Purposes	74,135.10	
Insurance Purposes	521,482.22	
Total Other Purposes	1,268,622.79	
Total Restricted Net Position		**$ 20,648,486.73**

These balances are restricted due to federal grant and statutory requirements.

11. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2015, were as follows:

	Transfers To:				
Transfers From:	General Fund	Road and Bridge Fund	Courthouse Complex Expansion Capital Projects Fund	Other Governmental Funds	Total
Major Funds:					
General Fund	$	$ 2,108,974.00	$	$ 701,848.00	$ 2,810,822.00
Road and Bridge Fund	10,981.28		1,000,000.00		1,010,981.28
Accumulated Building Fund	5,929.51				5,929.51
Other Governmental Funds	80,741.05				80,741.05
Total	$ 97,651.84	$ 2,108,974.00	$ 1,000,000.00	$ 701,848.00	$ 3,908,473.84

The County typically budgets transfers to the Road and Bridge Fund, the Emergency Management Fund and the 911 Service Fund (Other Governmental Funds) to conduct the indispensable functions of the County. The County also uses transfers to transfer earnings on deposits from special revenue funds to the General Fund, where it is deemed appropriate. The County also budgets a transfer from the 911 Service Fund (Other Governmental Fund) to the General Fund for the Fund's share of the tower lease debt payments. The County also transferred money to the Fair Fund (Other Governmental Fund) from the General Fund for shortage in the fund to cover debt service costs.

12. PRIOR PERIOD ADJUSTMENTS

The County implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. As a result, beginning net position has been restated to reflect the related net pension asset and deferred outflows of resources as of January 1, 2015 as follows:

Net Position January 1, 2015, as previously reported	$ 119,784,025.43
Restatement for pension accounting:	
Net Pension Asset	13,233,466.31
Pension related Deferred Outflows of Resources	10,722,371.43
Pension related Deferred Inflows of Resources	(15,326,584.93)
Net Position January 1, 2015, as restated	$ 128,413,278.24

13. PENSION PLAN

Plan Information:
All employees, working more than 29 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at http://www.sdrs.sd.gov/publications/ or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:
SDRS has three different classes of employees, Class A, Class B public safety and Class B judicial. Class A retirement benefits are determined as 1.7 percent prior to 2008 and 1.55 percent thereafter of the employee's final 3-year average compensation times the employee's years of service. Employees with 3 years of service are eligible to retire at age 55. Class B public safety benefits are determined as 2.4 percent for service prior to 2008 and 2.0 percent thereafter of employee final average compensation. Class B judicial benefits are determined as 3.733 percent for service prior to 2008 and 3.333 percent thereafter of employee final average compensation. All Class B employees with 3 years of service are eligible to retire at age 45. Employees are eligible for service-related disability benefits regardless of length of service. Three years of service is required for nonservice-related disability eligibility. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are a percent of the employee's final average salary.

The annual increase in the amount of the SDRS benefits payable on each July 1st is indexed to the consumer price index (CPI) based on SDRS funded status:

- If the SDRS market value funded ratio is 100% or more – 3.1% COLA
- If the SDRS market value funded ratio is 80.0% to 99.9%, index with the CPI
  - 90.0% to 99.9% funded — 2.1% minimum and 2.8% maximum COLA
  - 80.0% to 90.0% funded — 2.1% minimum and 2.4% maximum COLA
- If the SDRS market value funded ratio is less than 80% -- 2.1% COLA

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contributions:
Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. State statute also requires the employer to make an additional contribution in the amount of 6.2 percent for any compensation exceeding the maximum taxable amount for social security for general employees only. The County's share of contributions to the SDRS for the fiscal years ended December 31, 2015, 2014, and 2013 were $2,035,313.52, $1,925,154.75, and $1,931,017.97, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:
At June 30, 2015, SDRS is 104.1% funded and accordingly has a net pension asset. The proportionate shares of the components of the net pension asset of South Dakota Retirement System, for the County as of this measurement period and reported by the County as of December 31, 2015 are as follows:

Proportionate share of net position restricted for pension benefits	$ 193,801,926.02
Less proportionate share of total pension liability	186,174,525.83
Proportionate share of net pension liability (asset)	$ (7,627,400.19)

At December 31, 2015, the County reported an asset of $7,627,400.19 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015 and the total pension asset used to calculate the net pension asset was based on a projection of the County's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2015, the County's proportion was 1.79836980%, which is a decrease of .0384404% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the County recognized pension expense of ($1,101,527.29). At December 31, 2015 the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience	$ 1,561,744.87	$
Changes in assumption	6,048,048.30	
Net Difference between projected and actual earnings on pension plan investments	4,659,449.44	11,254,374.90
Changes in proportion and difference between County contributions and proportionate share of contributions	124,283.25	
County contributions subsequent to the measurement date	1,029,554.44	
TOTAL	$ 13,423,080.30	$ 11,254,374.90

$1,029,554.44 reported as deferred outflow of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended Dec. 31,	
2016	$ 397,548.99
2017	397,548.99
2018	(936,189.98)
2019	1,280,242.96
TOTAL	$ 1,139,150.96

Actuarial Assumptions:
The total pension asset in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary Increases	5.83 percent at entry to 3.87 percent after 30 years of service
Investment Rate of Return	7.25 percent through 2016 and 7.50 percent thereafter, net of pension plan investment expense

Mortality rates were based on the RP-2000 Employee Mortality Table for males and females, as appropriate.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2005 through June 30, 2011. The mortality assumptions were revised based on an extension of the experience study including mortality experience through June 30, 2013.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the

same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	61.0%	4.5%
Fixed Income	27.0%	1.8%
Real Estate	10.0%	5.2%
Cash	2.0%	0.8%
Total	100%	

Discount Rate:
The discount rate used to measure the total pension asset was 7.25 percent through 2016 and 7.50% thereafter. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

Sensitivity of liability (asset) to changes in the discount rate:
The following presents the County's proportionate share of net pension asset calculated using the discount rate of 7.25 percent through 2016 and 7.50 percent thereafter, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.25/6.50%) or 1-percentage point higher (8.25/8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset)	$ 19,198,080.84	$ (7,627,400.19)	$ (29,501,269.77)

Pension Plan Fiduciary Net Position:
Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

14. OTHER POSTEMPLOYMENT BENEFITS - HEALTHCARE PLAN

Plan Description. Pennington County Health Care Trust Plan is a single-employer defined benefit healthcare plan administered by the County. The Pennington County Health Care Trust Plan provides medical insurance benefits to eligible retirees and their spouses as permitted by

SDCL 6-1-16. Benefit provisions were established and may be amended by the Pennington County Health Care Trust Board and the governing board. The health plan does not issue separately stated stand-alone financial statements.

Funding Policy. The contribution requirements of plan members and the County are established and may be amended by the Pennington County Health Care Trust Board and the governing board. The long-term employee must have been a benefited employee of Pennington County for a minimum of TWENTY cumulative years immediately prior to leaving employment and an active member of the County Healthcare Plan for the ten (10) years immediately prior to leaving and be eligible for a full retirement benefit under the provisions of SDRS.

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the financial components of the plan:

Annual Required Contribution (ARC)	$ 346,547.00
Interest on net OPEB obligation	89,666.00
Adjustment to annual required contribution	(122,326.00)
Annual OPEB Cost	313,887.00
Contributions made	(295,796.00)
Increase (Decrease) in net OPEB obligation	18,118.00
Net OPEB obligation – beginning of year	1,992,571.00
Net OPEB obligation – end of year	$ 2,010,662.00

The County's annual OPEB cost data and net OPEB obligation was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/15	$ 313,887.00	94.24%	$ 2,010,662.00
12/31/14	$ 332,466.00	19.19%	$ 1,992,570.75
12/31/13	$ 332,466.00	33.78%	$ 1,723,905.00

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan's statistics were as follows:

Actuarial Accrued Liability	$ 3,149,488.00
Actuarial Value of Benefit Assets	0.00
Unfunded Actuarial Accrued Liability	$ 3,149,488.00
Funded Ratio	0%
Covered Payroll	$ 30,449,195.00
Unfunded Actuarial Accrued Liability as a Percentage of Covered payroll	10.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations

and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015, actuarial valuation, the (pick one: entry age, frozen entry age, attained age, frozen attained age, projected unit credit, aggregate) method was used. The actuarial assumptions included a 4.5% rate of return and an annual healthcare cost trend rate of 5.0 percent for all years. Both rates include a 3.0 percent inflation assumption. The UAAL is being amortized as a level dollar amount on an open basis over a period of 30 years.

15. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2015, the County was not involved in any significant litigation. The County has been served with a Petition and Notice of Appeal to Circuit Court appealing the Pennington County Board of Commissioner's decision to revoke a company's construction permit (CP 15-17) on April 5, 2016. At this time, the potential outcome of this action is not determinable.

16. SUBSEQUENT EVENTS

On January 5, 2016, the County authorized the issuance of $9,645,000 Certificates of Participation, Series 2016A (Limited Tax General Obligation). The Certificates of Participation, Series 2016A, (the "Series 2016A Certificates") are being issued (i) to construct, remodel and equip the existing County Court House; renovate and equip the existing Public Safety Building; construct and equip an addition to the existing Jail and renovate and equip the existing Jail; acquire land and construct or remodel and equip one or more buildings for Health and Human Services and various alcohol treatment programs; construct and equip a highway office, shop and fueling station; acquire land, construct and equip a vehicle maintenance shop and dispatch radio shop; construct, renovate and equip one or more buildings on the County Fairgrounds; acquire land, construct and equip a building and grounds maintenance shop and cold storage building; acquire land and construct parking facilities for County purposes; and construct and equip a weed and pest storage building (the "2016A Project") and (ii) to pay the cost of issuance of the Series 2016A Certificates.

On June 21, 2016, the County approved a resolution finding that it is necessary and appropriate to issue Certificates of Participation (Limited Tax General Obligation), in one or more series to currently refund the outstanding Certificates of Participation (Limited Tax General Obligation) Series 2011. The resolution approved the principal amount of the Refunding Certificates (the "2016B Project"), not exceeding $5,530,000, the term thereof not exceeding eight (8) years, the interest rate or rates thereon not exceeding an average yield of two and 25/100 percent (2.25%) per annum and the price not less than 99% of par (exclusive of original issue discount).

17. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended December 31, 2015, the County managed its risks as follows:

Employee Health Insurance:

The County provides life and dental insurance for its employees. The health coverage is a self-funded plan and the dental is from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

The County has established a group health self-insurance fund to pay for medical claims of County employees and their covered dependents. Payments to the fund are determined by the Health Care Trust Board, as needed, and are to cover individual claims up to $60,000 and any administrative costs relative to the processing of claims. Medical claims exceeding $60,000 are covered through private re-insurance carriers. At year end an estimated liability for claims incurred but not paid is accrued based upon the past experience of the plan. At December 31, 2015, the County had Net Position in the amount of $1,206,515.43.

Liability Insurance:

The County purchases liability insurance for risks related to torts; damage to property (buildings and inland marine from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

The County joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The County's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the County. The County pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member, based on their exposure or type of coverage. The County pays an annual premium to the pool to provide coverage for: General Liability, Automobile Liability, Law Enforcement Liability, Officials Liability, and Automobile damage.

The agreement with the SDPAA provides that the above coverages will be provided to a $5,000,000 limit. Member premiums are used by the pool for payment of claims and to pay for reinsurance for claims in excess of $250,000 for property coverage and $500,000 for liability coverage to the upper limit. A portion of the member premiums are also allocated to a cumulative reserve fund. The County would be eligible to receive a refund for a percentage of the amount allocated to the cumulative reserve fund on the following basis:

End of County's First Full Year	50%
End of County's Second Full Year	60%
End of County's Third Full Year	70%
End of County's Fourth Full Year	80%
End of County's Fifth Full Year	90%
End of County's Sixth Full Year and Thereafter	100%

As of December 31, 2015, the County has vested balance in the cumulative reserve fund of $521,482.22.

The County carries a $500 deductible for the automobile comprehensive and collision coverage, $4,000 deductible for law enforcement liability coverage, $2,500 deductible for general liability coverage, and $2,500 (other than employment related claims) and $5,000 (employment related claims) deductible for the officials liability coverage.

The County does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The County joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the Fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The County's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The County pays an annual premium, to provide worker's compensation coverage for its employees, under a self-funded program and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first $650,000 of any claim per individual. The pool has reinsurance which covers up to statutory limits in addition to a separate combined employer liability limit of $2,000,000 per incident.

The County does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

Unemployment Benefits:

The County provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

Building and Property Insurance:

The County purchases building and contents insurance for all buildings owned by Pennington County. The current provider is with Harleysville Insurance Company.

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	$ 28,733,528.50	$ 28,733,528.50	$ 28,599,182.81	$ (134,345.69)
General Property Taxes--Delinquent	270,000.00	270,000.00	109,018.46	(160,981.54)
Penalties and Interest	85,000.00	85,000.00	54,685.67	(30,314.33)
Telephone Tax (Outside)	4,000.00	4,000.00	5,172.03	1,172.03
Mobile Home Tax	65,000.00	65,000.00	68,541.45	3,541.45
Other Taxes	20,000.00	20,000.00	77,260.09	57,260.09
Licenses and Permits	169,000.00	169,000.00	178,444.99	9,444.99
Intergovernmental Revenue:				
Federal Grants	1,272,151.00	1,309,629.00	852,233.13	(457,395.87)
Federal Shared Revenue	0.00	98,823.59	98,823.59	0.00
Federal Payments in Lieu of Taxes	1,250,000.00	1,250,000.00	1,476,352.00	226,352.00
State Grants	8,500.00	270,000.00	267,400.00	(2,600.00)
State Shared Revenue:				
Bank Franchise	315,000.00	315,000.00	386,164.32	71,164.32
Liquor Tax Reversion	800.00	800.00	802.16	2.16
Court Appointed Attorney/Public Defender	120,000.00	120,000.00	135,773.89	15,773.89
Abused and Neglected Child Defense	14,000.00	14,000.00	17,037.21	3,037.21
Telecommunications Gross Receipts Tax	625,000.00	625,000.00	520,766.87	(104,233.13)
Motor Vehicle 1/4%	20,000.00	20,000.00	29,285.47	9,285.47
Other Payments in Lieu of Taxes	16,000.00	16,000.00	20,230.15	4,230.15
Other Intergovernmental Revenue	276,213.00	276,213.00	191,312.89	(84,900.11)
Charges for Goods and Services:				
General Government:				
Treasurer's Fees	186,205.00	186,205.00	239,700.10	53,495.10
Register of Deeds' Fees	1,054,000.00	1,054,000.00	1,103,395.81	49,395.81
Legal Services	221,900.00	441,900.00	487,766.24	45,866.24
Clerk of Courts Fees	140,500.00	140,500.00	141,804.80	1,304.80
Other Fees	321,490.00	441,582.00	381,896.15	(59,685.85)
Public Safety:				
Law Enforcement	889,937.00	889,937.00	904,028.78	14,091.78
Prisoner Care	6,217,328.00	6,887,328.00	7,329,914.41	442,586.41
Other	3,531,529.00	3,531,529.00	2,865,922.07	(665,606.93)
Health and Welfare:				
Economic Assistance:				
Poor Lien Recoveries	325,500.00	325,500.00	261,967.81	(63,532.19)
Veterans Service Officer	4,687.00	4,687.00	4,687.50	0.50
Mental Health Services	96,000.00	96,000.00	78,083.00	(17,917.00)
Urban and Economic Development	63,000.00	63,000.00	50,116.86	(12,883.14)
Conservation of Natural Resources	87,000.00	90,022.00	132,439.97	42,417.97
Other Charges	33,100.00	33,100.00	42,349.01	9,249.01
Fines and Forfeits:				
Fines	3,000.00	3,000.00	7,440.99	4,440.99
Costs	15,000.00	15,000.00	7,432.07	(7,567.93)
Miscellaneous Revenue:				
Investment Earnings	50,000.00	50,000.00	5,820.93	(44,179.07)

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2015
(Continued)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Rent	0.00	0.00	1,200.00	1,200.00
Special Assessments	0.00	0.00	2,338.60	2,338.60
Contributions and Donations	65,000.00	268,500.00	281,000.00	12,500.00
Refund of Prior Year's Expenditures	10,000.00	10,000.00	20,362.80	10,362.80
Other	26,100.00	26,100.00	19,463.83	(6,636.17)
Total Revenues	46,605,468.50	48,219,884.09	47,457,618.91	(762,265.18)
Expenditures:				
General Government:				
Legislative:				
Board of County Commissioners	995,800.00	995,800.00	895,041.35	100,758.65
Contingency	95,000.00	95,000.00		
Amount Transferred		0.00		95,000.00
Elections	414,843.00	632,206.00	501,639.11	130,566.89
Judicial System	393,778.00	453,778.00	306,854.24	146,923.76
Financial Administration:				
Auditor	502,680.00	502,680.00	470,662.44	32,017.56
Treasurer	964,293.00	964,293.00	943,929.22	20,363.78
Legal Services:				
State's Attorney	2,838,320.00	2,838,320.00	2,770,613.57	67,706.43
Public Defender	2,397,079.00	2,397,079.00	2,292,549.27	104,529.73
Court Appointed Attorney	433,042.00	783,042.00	615,123.24	167,918.76
Abused and Neglected Child Defense	224,672.00	224,672.00	196,725.92	27,946.08
Other	653,426.00	687,426.00	662,491.95	24,934.05
Other Administration:				
General Government Building	3,981,900.00	3,981,900.00	3,941,885.65	40,014.35
Director of Equalization	1,579,817.00	1,579,817.00	1,534,435.36	45,381.64
Register of Deeds	464,120.00	464,120.00	427,422.24	36,697.76
Predatory Animal	3,284.00	3,284.00	3,283.65	0.35
Geographic Information System	100,000.00	100,000.00	100,000.00	0.00
Information Technology	973,522.00	973,522.00	810,341.89	163,180.11
Human Resources	130,330.00	130,330.00	115,639.51	14,690.49
Public Safety:				
Law Enforcement:				
Sheriff	7,506,682.00	7,916,505.59	7,561,685.93	354,819.66
County Jail	11,395,142.00	12,149,142.00	12,032,177.37	116,964.63
Coroner	138,635.00	138,635.00	138,384.89	250.11
County-Wide Law Enforcement	1,001,279.00	1,001,279.00	996,436.45	4,842.55
Juvenile Detention	4,226,674.00	4,296,674.00	3,967,822.81	328,851.19
Other Law Enforcement	4,003,691.00	4,136,691.00	3,215,877.19	920,813.81
Protective and Emergency Services:				
Emergency and Disaster Services	110,800.00	110,800.00	93,758.10	17,041.90
Flood Control	39,400.00	39,400.00	39,400.00	0.00
Health and Welfare:				
Economic Assistance:				
Support of Poor	1,805,310.00	2,055,310.00	1,649,144.60	406,165.40

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2015
(Continued)

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
Health Assistance:				
Health Services	195,848.00	195,848.00	195,848.00	0.00
Mental Health Services:				
Mentally Ill	782,050.00	782,050.00	640,540.90	141,509.10
Culture and Recreation:				
Recreation:				
Senior Center	19,446.00	19,446.00	19,446.00	0.00
Conservation of Natural Resources:				
Soil Conservation:				
County Extension	76,592.00	76,592.00	67,742.68	8,849.32
Soil Conservation Districts	59,889.00	59,889.00	59,889.00	0.00
Weed and Pest Control	288,191.00	298,191.00	295,741.49	2,449.51
Grasshopper and Pest Control	120,664.00	330,877.00	170,850.61	160,026.39
Urban and Economic Development:				
Urban Development:				
Planning and Zoning	420,687.00	420,687.00	364,153.86	56,533.14
Other	480,958.00	480,958.00	274,478.55	206,479.45
Economic Development:				
Tourism, Industrial or Recreational Development	10,000.00	10,000.00	0.00	10,000.00
Other	35,000.00	35,000.00	35,000.00	0.00
Debt Service	740,999.00	740,999.00	740,997.94	1.06
Total Expenditures	50,603,843.00	53,102,242.59	49,148,014.98	3,954,227.61
Excess of Revenues Over (Under) Expenditures	(3,998,374.50)	(4,882,358.50)	(1,690,396.07)	3,191,962.43
Other Financing Sources (Uses):				
Transfers In	0.00	0.00	97,651.84	97,651.84
Transfers Out	(2,908,603.00)	(2,908,603.00)	(2,810,822.00)	97,781.00
Insurance Proceeds	0.00	0.00	1,630.25	1,630.25
Sale of County Property	0.00	0.00	10,522.09	10,522.09
Total Other Financing Sources (Uses)	(2,908,603.00)	(2,908,603.00)	(2,701,017.82)	207,585.18
Net Change in Fund Balance	(6,906,977.50)	(7,790,961.50)	(4,391,413.89)	3,399,547.61
Fund Balance - Beginning	14,459,399.21	14,459,399.21	14,459,399.21	0.00
FUND BALANCE - ENDING	$ 7,552,421.71	$ 6,668,437.71	$ 10,067,985.32	$ 3,399,547.61

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	$ 1,685,939.12	$ 1,685,939.12	$ 1,671,099.95	$ (14,839.17)
General Property Taxes--Delinquent	26,000.00	26,000.00	12,858.43	(13,141.57)
Penalties and Interest	8,000.00	8,000.00	5,790.14	(2,209.86)
Mobile Home Tax	6,600.00	6,600.00	7,515.81	915.81
Other Taxes	0.00	0.00	74.33	74.33
Licenses and Permits	100,900.00	100,900.00	140,451.42	39,551.42
Intergovernmental Revenue:				
Federal Shared Revenue	13,000.00	13,000.00	275,385.82	262,385.82
State Grants	0.00	0.00	461,740.81	461,740.81
State Shared Revenue:				
Motor Vehicle Licenses	4,840,000.00	4,840,000.00	5,383,883.20	543,883.20
State Highway Fund (former 10% game)	30,000.00	30,000.00	31,979.07	1,979.07
Prorate License Fees	300,000.00	300,000.00	302,455.77	2,455.77
63 3/4% Mobile Home/Manufactured Home	18,000.00	18,000.00	56,878.42	38,878.42
Secondary Road Motor Vehicle Remittances	989,000.00	989,000.00	1,033,352.21	44,352.21
Motor Fuel Tax	62,000.00	62,000.00	44,701.40	(17,298.60)
Other Payments in Lieu of Taxes	0.00	0.00	19.79	19.79
Charges for Goods and Services:				
Public Works:				
Road Maintenance Contract Charges	161,000.00	161,000.00	109,593.83	(51,406.17)
Miscellaneous Revenue:				
Investment Earnings	0.00	0.00	10,981.28	10,981.28
Other	2,000.00	2,000.00	2,872.66	872.66
Total Revenues	8,242,439.12	8,242,439.12	9,551,634.34	1,309,195.22
Expenditures:				
Public Safety:				
Protective and Emergency Services:				
Emergency and Disaster Services	30,000.00	30,000.00	0.00	30,000.00
Public Works:				
Highways and Bridges:				
Highways, Roads and Bridges	11,370,571.00	11,370,571.00	8,837,382.41	2,533,188.59
Conservation of Natural Resources:				
Water Conservation:				
Drainage Commissions	100,000.00	100,000.00	45,018.00	54,982.00
Total Expenditures	11,500,571.00	11,500,571.00	8,882,400.41	2,618,170.59
Excess of Revenues Over (Under) Expenditures	(3,258,131.88)	(3,258,131.88)	669,233.93	3,927,365.81
Other Financing Sources (Uses):				
Transfers In	2,206,755.00	2,206,755.00	2,108,974.00	(97,781.00)
Transfers Out	0.00	0.00	(1,010,981.28)	(1,010,981.28)
Insurance Proceeds	0.00	0.00	2,034.35	2,034.35
Sale of County Property	0.00	0.00	30,264.03	30,264.03
Total Other Financing Sources (Uses)	2,206,755.00	2,206,755.00	1,130,291.10	(1,076,463.90)

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2015
(Continued)

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Net Change in Fund Balance	(1,051,376.88)	(1,051,376.88)	1,799,525.03	2,850,901.91
Changes in Nonspendable	0.00	0.00	(127,947.37)	(127,947.37)
Fund Balance - Beginning	13,284,338.69	13,284,338.69	13,284,338.69	0.00
FUND BALANCE - ENDING	$ 12,232,961.81	$ 12,232,961.81	$ 14,955,916.35	$ 2,722,954.54

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
ACCUMULATED BUILDING FUND
For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes--Current	$ 4,976,037.10	$ 4,976,037.10	$ 4,952,816.31	$ (23,220.79)
General Property Taxes--Delinquent	29,000.00	29,000.00	13,175.76	(15,824.24)
Penalties and Interest	9,000.00	9,000.00	8,242.41	(757.59)
Mobile Home Tax	8,000.00	8,000.00	11,464.04	3,464.04
Other Taxes	0.00	0.00	13,331.78	13,331.78
Intergovernmental Revenue:				
Federal Grants	806,242.00	806,242.00	775,238.78	(31,003.22)
Other Payments in Lieu of Taxes	1,900.00	1,900.00	3,503.48	1,603.48
Other Intergovernmental Revenue	234,451.00	234,451.00	410,412.42	175,961.42
Miscellaneous Revenue:				
Investment Earnings	6,000.00	6,000.00	8,206.47	2,206.47
Total Revenues	6,070,630.10	6,070,630.10	6,196,391.45	125,761.35
Expenditures:				
General Government:				
Other Administration:				
General Government Building	1,509,942.00	1,509,942.00	779,380.02	730,561.98
Debt Service	4,266,010.00	4,266,010.00	4,250,529.34	15,480.66
Total Expenditures	5,775,952.00	5,775,952.00	5,029,909.36	746,042.64
Excess of Revenues Over (Under) Expenditures	294,678.10	294,678.10	1,166,482.09	871,803.99
Other Financing Sources (Uses):				
Transfers Out	0.00	0.00	(5,929.51)	(5,929.51)
Sale of County Property	0.00	0.00	200,000.00	200,000.00
Total Other Financing Sources (Uses)	0.00	0.00	194,070.49	194,070.49
Net Change in Fund Balance	294,678.10	294,678.10	1,360,552.58	1,065,874.48
Fund Balance - Beginning	5,783,153.63	5,783,153.63	5,783,153.63	0.00
FUND BALANCE - ENDING	$ 6,077,831.73	$ 6,077,831.73	$ 7,143,706.21	$ 1,065,874.48

PENNINGTON COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Budgetary Comparisons for the General Fund
and for each major Special Revenue Fund with a legally required budget.

Note 1. Budgets and Budgetary Accounting:

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Between the fifteenth and thirtieth days of July in each year the Board of County Commissioners prepares and files with the County Auditor a provisional budget for the following year, containing a detailed estimate of cash balances, revenues, and expenditures.

2. Prior to the first Tuesday in September in each year a notice of budget hearing is published once each week for two successive weeks, and the text of the provisional budget is published with the first publication.

3. The Board of County Commissioners holds a meeting for the purpose of considering the provisional budget on or prior to the first Tuesday in September in each year. Such hearings must be concluded by October first. Changes made to the provisional budget are entered at length in the minutes of the Board of County Commissioners.

4. Before October first of each year the Board of County Commissioners adopts an annual budget for the ensuing year. The adopted budget is filed in the office of the County Auditor.

5. After adoption by the Board of County Commissioners, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 7.

6. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total county budget.

7. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.

8. Unexpended appropriations lapse at year end unless encumbered by resolution of the Board of County Commissioners.

9. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

10. Budgets for the General Fund and special revenue funds are adopted on a basis consistent with USGAAP.

Note 2. GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new sheriff's patrol car would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances, however, in the Budgetary RSI Schedule, the purchase of a new sheriff's patrol car would be reported as an expenditure of the Public Safety/Law Enforcement function of government, along with all other current Law Enforcement Department related expenditures.

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
SCHEDULE OF FUNDING PROGRESS - HEALTHCARE PLAN
December 31, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (Unit Credit Cost Method) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
December 31, 2008	$	$ 3,217,353.00	$ 3,217,353.00	0.0%	$ 22,810,526.00	14.1%
December 31, 2010	$	$ 3,683,407.00	$ 3,683,407.00	0.0%	$ 26,192,806.00	14.1%
December 31, 2013	$	$ 3,506,507.00	$ 3,506,507.00	0.0%	$ 27,002,855.00	13.0%
December 31, 2015	$	$ 3,149,488.00	$ 3,149,488.00	0.0%	$ 30,449,195.00	10.3%

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
SCHEDULE OF THE COUNTY CONTRIBUTIONS

South Dakota Retirement System

* Last 10 Fiscal Years

	2015	2014
Contractually required contribution	$ 2,035,313.52	$ 1,925,154.75
Contributions in relation to the contractually required contribution	2,035,313.52	1,925,154.75
Contribution deficiency (excess)	$ 0.00	$ 0.00
County's covered-employee payroll	$ 30,419,109.61	$ 28,757,139.04
Contributions as a percentage of covered-employee payroll	6.69%	6.69%

* Until a full 10-year trend is compiled, the County will present information for those years for which information is available.

REQUIRED SUPPLEMENTARY INFORMATION
PENNINGTON COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

*Last 10 Fiscal Years

	2015	2014
County's proportion of the net pension liability (asset)	1.7983698%	1.8368102%
County's proportionate share of net pension liability (asset)	$ (7,627,400.19)	$ (13,233,466.31)
County's covered-employee payroll	$ 29,408,793.82	$ 28,769,460.23
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-25.94%	-46.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.1%	107.3%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30. Until a full 10-year trend is compiled, the County will present information for those years for which information is available.

PENNINGTON COUNTY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of County Contributions

Changes of benefit terms:

No significant changes.

Changes of assumptions:

No significant changes.

PENNINGTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures 2015
Forest Service Schools and Roads Cluster:				
US Department of Agriculture - Direct Programs:				
Schools and Roads - Grants to Counties (Note 3) (Note 4)	10.666		$	$ 38,508.43
Subtotal US Department of Agriculture - Direct Programs			0.00	38,508.43
US Department of Agriculture Pass-Through Programs From:				
SD State Auditor,				
Schools and Roads - Grants to States (Note 3) (Note 4)	10.665		236,877.39	498,754.78
Subtotal US Department of Agriculture - Pass-Through Programs			236,877.39	498,754.78
Total for Forest Service Schools and Roads Cluster			236,877.39	537,263.21
Child Nutrition Cluster:				
Indirect Federal Funding:				
SD Department of Education,				
School Breakfast Program (Note 2)	10.553			24,795.99
National School Lunch Program (Note 2)	10.555			48,868.72
Total for Child Nutrition Cluster			0.00	73,664.71
Total US Department of Agriculture			**236,877.39**	**610,927.92**
US Department of Interior - Direct Programs:				
Bureau of Land Management,				
Payments in Lieu of Taxes (Note 3)	15.226			1,476,352.00
US Department of Justice - Direct Programs:				
Public Safety Partnership and Community Policing Grants	16.710			10,663.20
Edward Byrne Memorial Justice Assistance Grant Program	16.738			4,240.04
Equitable Sharing Program	16.922			99,198.59
Subtotal US Department of Justice - Direct Programs			0.00	114,101.83
US Department of Justice - Pass-Through Programs:				
SD Department of Corrections,				
Juvenile Accountability Block Grants	16.523			6,857.53
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540			32,717.94
SD Department of Social Services,				
Crime Victim Assistance	16.575			42,980.25
Violence Against Women Formula Grants	16.588			100,156.52
Subtotal US Department of Justice - Pass-Through Programs			0.00	182,712.24
Total US Department of Justice			**0.00**	**296,814.07**
Highway Safety Cluster:				
US Department of Transportation - Pass-Through Programs:				
SD Department of Public Safety,				
State and Community Highway Safety	20.600			4,300.27
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601			5,415.66
Total Highway Safety Cluster			0.00	9,715.93
Other Programs:				
US Department of Transportation - Pass-Through Programs:				
SD Department of Public Safety,				
Minimum Penalties for Repeat Offenders For Driving While Intoxicated (Note 4)	20.608			201,339.26
SD Teen Court Association,				
Minimum Penalties for Repeat Offenders For Driving While Intoxicated (Note 4)	20.608			8,488.25
Total US Department of Transportation			**0.00**	**219,543.44**
US General Services Administration - Pass-Through Programs:				
SD Federal Property Agency,				
Donation of Federal Surplus Personal Property (Note 5)	39.003			5,977.24
US Environmental Protection Agency - Pass-Through Programs:				
SD Department of Environment and Natural Resources,				
Nonpoint Source Implementation Grants	66.460			95,571.47

PENNINGTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015
(Continued)

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures 2015
US Department of Health and Human Services - Pass-Through Programs:				
SD Department of Health,				
Public Health Emergency Preparedness	93.069			13,892.72
SD Department of Social Services,				
Promoting Safe and Stable Families	93.556			35,100.72
Total US Department of Health and Human Services			**0.00**	**48,993.44**
US Executive Office of the President - Pass-Through Programs:				
SD Attorney General,				
High Intensity Drug Trafficking Areas Program	95.001			126,719.83
US Department of Homeland Security - Pass-Through Programs:				
SD Department of Public Safety - Office of Emergency Management,				
Emergency Management Performance Grants	97.042			104,820.74
Homeland Security Grant Program	97.067			144,138.03
Total US Department of Homeland Security			**0.00**	**248,958.77**
GRAND TOTAL (Note 6)			$ 236,877.39	$ 3,129,858.18

Note 1: ***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the County under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2: ***Summary of Significant Accounting Policies***

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: ***Federal Reimbursement***

Federal reimbursements are not based upon specific expenditures. Therefore, the amounts reported here represent cash received rather than federal expenditures.

Note 4: ***Major Federal Financial Assistance Program***

This represents a Major Federal Financial Assistance Program.

Note 5: ***Federal Surplus Property***

The amount reported represents 23.3% of the original acquisition cost of the federal surplus property received by the County.

Note 6: **Reporting Entity**

The amount only includes the federal expenditures of Pennington County, the primary government, and does not include the federal expenditures of Pennington County Housing and Redevelopment Commission, a discretely presented component unit of Pennington County.

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APPENDIX D –
CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of August 1, 2017 (this "Agreement"), between PENNINGTON COUNTY, SOUTH DAKOTA, a political subdivision organized and existing under the Constitution and laws of the State of South Dakota (together with any successor to its functions hereunder, the "Issuer"); and U.S. BANK NATIONAL ASSOCIATION, in St. Paul, Minnesota, a national banking association (the "Agent").

W I T N E S S E T H:

WHEREAS, simultaneously with the execution and delivery of this Agreement, the Issuer is issuing its $23,695,000 Certificates of Participation (Limited Tax General Obligation), Series 2017A, (the "Certificates") dated as of January 31, 2017 pursuant to a Declaration of Trust Agreement, dated as of March 1, 2003, as amended and supplemented by the First Supplemental Declaration of Trust, dated as of March 1, 2008, the Second Supplemental Declaration of Trust, dated as of December 1, 2010, the Third Supplemental Declaration of Trust, dated as of October 1, 2011, the Fourth Supplemental Declaration of Trust, dated as of July 1, 2014, the Fifth Supplemental Declaration of Trust, dated as of October 1, 2015, the Sixth Supplemental Declaration of Trust, dated as of February 1, 2016, the Seventh Supplemental Declaration of Trust, dated as of September 1, 2016 and the Eighth Supplemental Declaration of Trust, dated as of August 1, 2017 (collectively, the "Trust Agreement") and

WHEREAS, to provide for the public availability of certain information relating to the Certificates and the security therefor and to permit underwriters of the Certificates to comply with amendments to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (17 C.F.R.§ 240.15c2-12) (the "Rule"), which will enhance the marketability of the Certificates, the Issuer desires to enter into this Agreement; and

WHEREAS, the Agent is willing to act as the agent of the Issuer for the purposes and on the terms and conditions hereinafter stated.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto DO HEREBY AGREE as follows:

Section 1. Definitions and Exhibit. Terms used with initial capital letters but not defined herein shall have the meanings given such terms in the Indenture, unless the context hereof clearly requires otherwise.

In addition, the following terms, when used herein, have the following respective meanings:

Disclosure Information: the financial information and operating data relating to the Issuer for its fiscal year as specified in Subsection (a) of Section 4 hereof.

"EMMA" means the MSRB's Electronic Municipal Market Access ("EMMA") system, or its successor as designated by the MSRB.

Fiscal Year: the period commencing on the first day of January of any year and ending on the last day of December of that year, or any other twelve-month period, authorized by law and specified by the governing body of the Issuer as the Issuer's fiscal year.

Material: for those events that must be reported if Material, an event is "Material" if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, a Material event is also an event that would be deemed Material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

MSRB: the Municipal Securities Rulemaking Board or any successor to its functions.

Official Statement: the Official Statement, dated July 6, 2017, relating to the Certificates.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SEC: the Securities and Exchange Commission or any successor to its functions governing state and municipal securities disclosure.

State: the State of South Dakota.

Section 2. Representations. Each of the parties hereto represents and warrants to each other party that (i) it has all requisite power and authority to execute, deliver and perform this Agreement under applicable law and any resolutions or other actions of such party now in effect, (ii) it has duly authorized the execution and delivery of this Agreement, (iii) the execution and delivery of this Agreement and performance of the terms hereof by such party do not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument to which it is a party or by which it is bound, and (iv) to its best knowledge, no litigation, proceeding or administrative matter is pending to which it is a party, or overtly threatened, contesting or questioning the legal existence of such party, its power and authority to enter into and perform this Agreement or its due authorization, execution and delivery of this Agreement.

The Issuer represents and warrants that it is the only "obligated person" in respect of the Certificates within the meaning of the Rule.

Section 3. Appointment of Agent as Agent. The Issuer hereby appoints the Agent as its agent for the purpose of disclosing the information described in this Agreement in the manner set forth herein.

The Agent hereby accepts such appointment, subject to the terms and conditions of this Agreement. The Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Agent. In the absence of bad faith on its part, the Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates furnished to the Agent and conforming to the requirements of this Agreement. The Agent shall have no obligation to disclose information about the Certificates except as expressly provided herein. The fact that the Agent or any affiliate thereof may have any fiduciary or banking relationship with the Issuer, apart from the relationship created by the Rule, shall not be construed to mean that the Agent has actual knowledge of any event or condition except as may be provided by written notice from the Issuer.

Section 4. Annual Financial Information and Reports of the Issuer. The Issuer shall cause the Disclosure Information, audited financial statements and notice of certain events to be prepared and delivered to the Agent as hereinafter provided:

(a) On or before 365 days after the end of each fiscal year of the Issuer, commencing with the fiscal year ending **December 31, 2017** (each a "Submission Date"), the following financial information and operating data in respect of the Issuer (the "Disclosure Information"):

(1) the audited financial statements of the Issuer for such fiscal year, accompanied by the audit report and opinion of the accountant or government auditor relating thereto, as permitted or required by the laws of the State of South Dakota, containing balance sheets as of the end of such fiscal year and a statement of operations, changes in fund balances and cash flows for the fiscal year then ended, showing in comparative form such figures for the preceding fiscal year of the Issuer, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board as modified in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under South Dakota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the County, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the County; and

(2) to the extent not included in the financial statements referred to in paragraph (1) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under the headings Appendix B Employer & Pension Plans, Valuations, Historical full & true value and taxable values including tax increment values – 5 year History, County Consolidated Tax Dollars Levied 5 year History, Largest Taxpayers: 2015 pay 2016 tax year, Property Taxes, Mill Rates or Dollars per Thousand of

Value. Tax Collections – County General. Indirect Debt -- General Obligation. Debt Limit. Debt Ratios. Pennington County Revenues – 5 year History. Pennington County Expenditures 5 year History. and Year End Fund Balances:

(3) a certificate of the County Auditor of the Issuer stating in effect that such information is the Disclosure Information required to be submitted under this subsection (a).

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the Issuer shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the Issuer shall provide the audited financial statements.

Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been filed with the SEC or have been made available to the public on the Internet Web site of the MSRB. The Issuer shall clearly identify in the Disclosure Information each document so incorporated by reference.

If any part of the Disclosure Information can no longer be generated because the operations of the Issuer have materially changed or been discontinued, such Disclosure Information need no longer be provided if the Issuer includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other Issuer operations in respect of which data is not included in the Disclosure Information and the Issuer determines that certain specified data regarding such replacement operations would be a Material Fact, then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph then the Issuer shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(b) The Issuer shall also provide or cause to be provided to the MSRB notice in a timely manner not in excess of ten (10) business days of the occurrence of any of the following events or conditions of which any member of its governing body, the chief administrative officer, the recording officer or the fiscal officer of the Issuer has actual knowledge, information about which is not otherwise generally available to the public and which is Material:

(A) Principal and interest payment delinquencies;

(B) Non-payment related defaults, if Material;

(C) Unscheduled draws on debt service reserves reflecting financial difficulties;

(D) Unscheduled draws on credit enhancements reflecting financial difficulties;

(E) Substitution of credit or liquidity providers, or their failure to perform;

(F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other Material notices or determinations with respect to the tax status of the Certificates, or other Material events affecting the tax status of the Certificates;

(G) Modifications to rights of security holders, if Material;

(H) Bond calls, if Material, and tender offers;

(I) Defeasances;

(J) Release, substitution, or sale of property securing repayment of the securities, if Material;

(K) Rating changes;

(L) Bankruptcy, insolvency, receivership or a similar event with respect to the obligated person;

(M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary

course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if Material; and

(N) Appointment of a successor or additional trustee or the change of name of a trustee, if Material.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

The Issuer shall report such events to the Agent for further reporting to EMMA in accordance with Section 5 hereof. To the extent any event requires a materiality determination, such determination shall be made by the Issuer.

Section 5. Disclosure to Public. The Agent is authorized and directed to make available to the MSRB, in a word searchable portable document format (PDF) as required by the Rule, or other applicable document or agreement, accompanied by identifying information as prescribed by the MSRB (a description of such format and information is included in Exhibit A hereto:

(a) the information described in Sections 4(a) and (b) hereof, together with identifying information as prescribed by the MSRB from time to time with all documents provided to the MSRB under Section 4;

(b) notification of the failure of the Issuer to provide Disclosure Information required to be provided to the Agent hereunder, after notice and the cure period provided in Section 8 hereof;

(c) any amendment of or supplement to this Agreement entered into in accordance with Section 11 hereof.

Section 6. Disclosure to Holders. The Agent is further authorized and directed to forward, at the expense of such Holder, to any Holder who requests in writing such information, the information described in Sections 4(a) and (b), hereof, at the time of such transmission under Section 5 hereof, or, if such information is transmitted with a subsequent time of release, at the time such information is to be released.

Section 7. Costs, Expenses and Indemnification of Agent. The Issuer hereby agrees to pay reasonable compensation of the Agent for, and all costs and expenses of the Agent incurred in, performing the services required of it under this Agreement. In addition to any and all rights of the Agent to reimbursement or indemnification or other rights at law or in equity, the Issuer hereby agrees to indemnify and hold harmless the Agent and its officers, directors and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including reasonable attorneys' fees and expenses) which such indemnified party may incur by reason of or in connection with the Agent's disclosure of information pursuant to this Agreement; provided that the Issuer shall not be required to indemnify the Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or negligence of the Agent in such disclosure of information hereunder. The Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Holders or any other party.

The provisions contained in this Section 7 shall survive termination of the other provisions of this Agreement, the Indenture, the Resolution or the resignation or removal of the Agent.

Section 8. Defaults and Remedies. Failure of the Issuer or the Agent to comply with any provisions of this Agreement on its part to be observed shall constitute a default hereunder and any party hereto aggrieved thereby, including the holders of any Outstanding Certificates as third-party beneficiaries hereof, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained herein. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder and are hereby waived to the extent permitted by law. Notwithstanding anything to the contrary

contained herein, in no event shall a default under this Agreement constitute a default under the Certificates, the Indenture or the Resolution.

In addition to the foregoing remedies, in the event the Issuer breaches its covenant to provide the Disclosure Information to the Agent under Section 4 hereof by the Submission Date, and such breach continues for a period of thirty (30) days after there has been given, by certified mail, to the Issuer by the Agent, or to the Issuer and the Agent by any holder of an Outstanding Bond, a written notice stating that it is a "Notice of Default" hereunder specifying such breach and requiring it to be remedied, then the Agent shall promptly make available to the MSRB notice of the failure of the Issuer to provide such information.

Section 9. Binding Effect; Holders as Third-Party Beneficiaries. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Agent and their respective successors and assigns. In addition, this Agreement shall constitute a third-party beneficiary contract for the benefit of the Holders from time to time of the Outstanding Certificates. Said third-party beneficiaries shall be entitled to enforce performance and observance by the parties of the respective agreements and covenants herein contained as fully and completely as if said third-party beneficiaries were parties hereto; provided that this Agreement (other than this Section 9) may be amended or supplemented from time to time without notice to or the consent of such third-party beneficiaries. Nothing in this Agreement, express or implied, shall give to any Person, other than the parties hereto and their respective successors and permitted assigns as provided herein, and the Holders of the Outstanding Certificates, any benefit or other legal or equitable right, remedy or claim under this Agreement.

Section 10. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

Section 11. Amendments, Changes and Modifications. This Agreement (and the form and requirements of the Disclosure Information) may not be effectively amended or supplemented except in a writing executed by the parties hereto accompanied by an opinion of Bond Counsel to the effect that such amendment or supplement is required by, or better complies with, the provisions of the Rule or other applicable law. This Agreement may be amended or supplemented from time to time without notice to or the consent of the Holders (except as provided in Section 6 hereof).

Section 12. Resignation or Removal of Agent. The Agent may be removed at any time by the Issuer by a written instrument delivered to the Agent. The Agent may at any time resign and be discharged of the duties and obligations imposed on it hereunder by giving at least 30 days' written notice to the Issuer.

Section 13. Miscellaneous Provisions.

(a) Execution Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(b) Construction. This Agreement is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

(c) Term. This Agreement shall remain in effect so long as any Certificates are Outstanding.

Section 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State.

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APPENDIX E –
BOOK ENTRY ONLY SYSTEM

The following information concerning DTC and DTC's book-entry-only system have been obtained from DTC. The County and the Financial Advisor make no representation as to the accuracy of such information.

The Depository Trust Company (DTC"), New York, New York, will act as securities depository for the Series 2017A Certificates. The Series 2017A Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (ETC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2017A Certificates certificate will be issued for the Series 2017A Certificates, in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section [17A] of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2017A Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017A Certificates on DTC's records. The ownership interest of each actual purchaser of each Series 2017A Certificate ("Beneficial Owner") is in turn to be recorded on the Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017A Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2017A Certificates, except in the event that use of the book-entry-only system for the Series 2017A Certificates is discontinued.

To facilitate subsequent transfers, all Series 2017A Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2017A Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017A Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017A Certificates are credited, which mayor may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2017A Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017A Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Series 2017A Certificate documents. For example, Beneficial Owners of

Series 2017A Certificates may wish to ascertain that the nominee holding the Series 2017A Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2017A Certificates within a Series maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2017A Certificates. Under its usual procedures, DTC mails an Omnibus Proxy to issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2017A Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Series 2017A Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in the "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Registrar, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar, disbursement of such payments to the Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2017A Certificates at any time by giving reasonable notice to the County or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bond certificates will be printed and delivered to DTC.

NEITHER THE COUNTY NOR THE REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DTC PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEE WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DTC PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE Series 2017A Certificates. THE COUNTY CANNOT AND DOES NOT GIVEN ANY ASSURANCES THAT DTC, THE DTC PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE Series 2017A Certificates PAID TO DTC OR ITS NOMINEE, AS THE REGISTERED OWNER, OR PROVIDE ANY NOTICES TO THE BENEFICIAL OWNERS OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC WILL ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

The Book-Entry Agreement may be terminated by either the County or DTC. In the event of such a termination, if no substitute Securities Depository can be found which is willing and able to undertake such functions upon reasonable and customary terms, the Series 2017A Certificates shall no longer be restricted to being registered in the registration books kept by the Registrar in the name of Cede & Co., as Nominee of DTC, but may be registered in whatever name or names Owners transferring or exchanging the Series 2017A Certificates shall designate, in accordance with the provisions hereof.

Portions of the foregoing concerning DTC and DTC's Book-Entry System are based on information furnished by DTC to the County. No representation is made herein by the County or the Financial Advisor as to the accuracy or completeness of such information.